قرار رئيس جمهورية مصر العربية

رقم ١٧٧ لسنة ٢٠٢٠

بشأن الموافقة على اتفاق لتسهيل إتاحة تمويل بين جمهورية مصر العربية وصندوق النقد الدولى

رئيس الجمهورية

بعد الاطلاع على نص المادة (١٥١) من الدستور ؛

وبعد موافقة مجلس الوزراء ؛

قــــرر :

(مادة وحيدة)

وُوفق على اتفاق لتسهيل إتاحة تمويل بين جمهورية مصر العربية وصندوق النقد الدولى ، وذلك مع التحفظ بشرط التصديق .

صدر برئاسة الجمهورية فى ٢١ رمضان سنة ١٤٤١هـ

(الموافق ١٤ مايو سنة ٢٠٢٠م) .

عبد الفتاح السيسى

وافق مجلس النواب على هذا القرار بجلسته المعقودة فى ٢٥ شوال سنة ١٤٤١ هـ

(الموافق ١٧ يونية سنة ٢٠٢٠ م) .

INTERNATIONAL MONETARY FUND

CONFIDENTIAL

ARAB REPUBLIC OF EGYPT

[illegible]
May 4, 2020

REQUEST FOR PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

EXECUTIVE SUMMARY

Context. The COVID-19 pandemic has drastically disrupted people's lives, livelihoods, and economic conditions. Growth is expected to slow considerably in both 2019/20 and 2020/21 as tourism is at a standstill and domestic activity is expected to significantly slow. The external accounts are expected to deteriorate from portfolio outflows and the shock to tourism and remittances, resulting in an urgent balance of payments need.

Purchase under the Rapid Financing Instrument (RFI). The authorities have requested a purchase under the RFI of 100 percent of quota (SDR 2,037.1 million) to alleviate the urgent balance of payments need. The pandemic and global shock pose an immediate and severe economic disruption that could negatively impact Egypt's hard-won macroeconomic stability if not addressed. While maximum access under an RFI will still leave a financing gap, it will ease immediate financing needs. The authorities have requested a follow-on Stand-By Arrangement, while also seeking financing from other multilateral and official bilateral creditors.

Policies. The authorities launched a broad policy response to contain the economic impact of the shock. Fiscal, monetary, and financial sector measures were announced to increase health sector allocations, cushion the directly impacted sectors, and expand support to the poor and vulnerable. The Central Bank of Egypt has initiated measures to ease pressures in domestic liquidity and credit conditions. Discussions agreed that fiscal policy should prioritize health issues, limit the macroeconomic impact and address social needs, and stressed that spending measures should be timely, temporary, targeted, and transparent. Exchange rate flexibility is critical as a shock absorber, and monetary stance should continue to ensure low and stable inflation and maintain policy credibility. Resuming debt reduction will be essential once the crisis passes.

Exceptional access (EA) and debt sustainability. The authorities' favorable track record and commitment to strong policies should support a solid rebound after the crisis and market access as conditions normalize. The crisis has increased near-term risks, and staff assesses that Egypt's public debt remains sustainable but not with high probability. The proposed RFI financing requires EA, and staff assesses Egypt to meet the criteria for EA safeguards for the full 100 percent of quota. Also, Egypt's capacity to repay the Fund is adequate. Staff therefore recommends approval of Egypt's request for a purchase under the RFI of 100 percent of quota (SDR 2,037.1 million).

DOCUMENT OF INTERNATIONAL MONETARY FUND AND FOR OFFICIAL USE ONLY

EXECUTIVE BOARD MEETING

EBS/20/91

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May 4, 2020

To:	Members of the Executive Board
From:	The Secretary
Subject:	**Arab Republic of Egypt—Request for Purchase Under the Rapid Financing Instrument**

Board Action:	Executive Directors' **consideration** (Formal)
Tentative Board Date:	**Monday, May 11, 2020**
Publication:	Yes*
Questions:	Ms. Ramakrishnan, MCD (ext. 35413) Mr. Gigineishvili, MCD (ext. 34046) Mr. Gaertner, MCD (ext. 37390)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, Islamic Development Bank, World Trade Organization

*The Secretary's Department has been notified by the authorities that their explicit consent is required prior to the publication of Board documents. At the time of circulation of this paper to the Board, the authorities have indicated that they consent to the Fund's publication of this paper.

Approved By
Juha Kähkönen and Petya Koeva-Brooks

Virtual discussions took place during April 28-29, 2020. The staff team comprised Uma Ramakrishnan (head), Deeksha Kale, Matthew Gaertner, Nikoloz Gigineishvili, Suchanan Tambunlertchai (all MCD), Geoffrey Keim (SPR), Emine Hanedar (FAD), Constant Verkoren (MCM), Said Bakhache (Senior Resident Representative), and Karim Badr (Resident Representative Office). Ms. Abdelati (OED) also participated in the discussions. The team met virtually with Mohammed Maait, Minister of Finance; Tarek Amer, Governor of the Central Bank of Egypt; and other senior officials.

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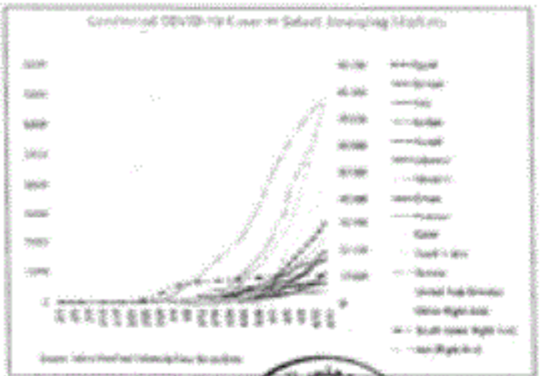
RECENT ECONOMIC DEVELOPMENTS

1. **Egypt achieved a remarkable turnaround prior to the COVID-19 shock, carrying out a successful reform program to correct large external and domestic imbalances, but challenges remained.** The authorities' 2016–19 program, supported by the arrangement under the Extended Fund Facility (EFF), implemented bold economic measures, including liberalization of the exchange rate, removal of most fuel price subsidies, and substantial fiscal consolidation to ensure public debt sustainability. Fiscal savings were partly utilized to strengthen social protection to ease the burden of adjustment on the poor, and reforms were initiated in multiple structural areas including competition policy, public procurement, industrial land allocation, and SOE governance. The authorities' strong ownership and commitment were critical in achieving macroeconomic stabilization, accompanied by a recovery in growth, employment, and market confidence, and a sharp decline in public debt. However, challenges remain particularly in addressing poverty and inequality. Since the EFF's conclusion, the authorities have been showing readiness to embark on the next wave of reforms to entrench macroeconomic stability and further advance structural reforms—including strengthening competition and leveling the playing field for all economic stakeholders, improving access to finance and land, and enhancing fiscal transparency—to achieve sustained higher and inclusive private sector-led growth and job creation.

2. **Macroeconomic performance remained favorable following completion of the EFF.** Real GDP increased 5.6 percent (year-on-year) in the first half of 2019/20, supporting a steady decline in unemployment to 8 percent, while twelve-month consumer price inflation slowed to 5 percent in March 2020 from 14 percent in May 2019. International reserves at end-February were at US$45 billion (125 percent of the ARA metric), while a primary fiscal surplus of 2 percent of GDP was projected to keep public debt on a downward trajectory. Financial market conditions also continued to improve through early 2020, with T-bill yields declining to their lowest level since early 2016 and Egypt regularly accessing international capital markets.

IMPACT OF THE SHOCK

3. **The COVID-19 pandemic has drastically impaired economic conditions, with Egypt experiencing significant pressure as the virus spread.** Confirmed cases have been rising (5,537 as of April 30) as has the death toll (392). To mitigate the spread, the authorities have set up testing centers, imposed a partial curfew, halted all air travel, suspended schools and universities, closed historical sites, places of worship, restaurants, and entertainment

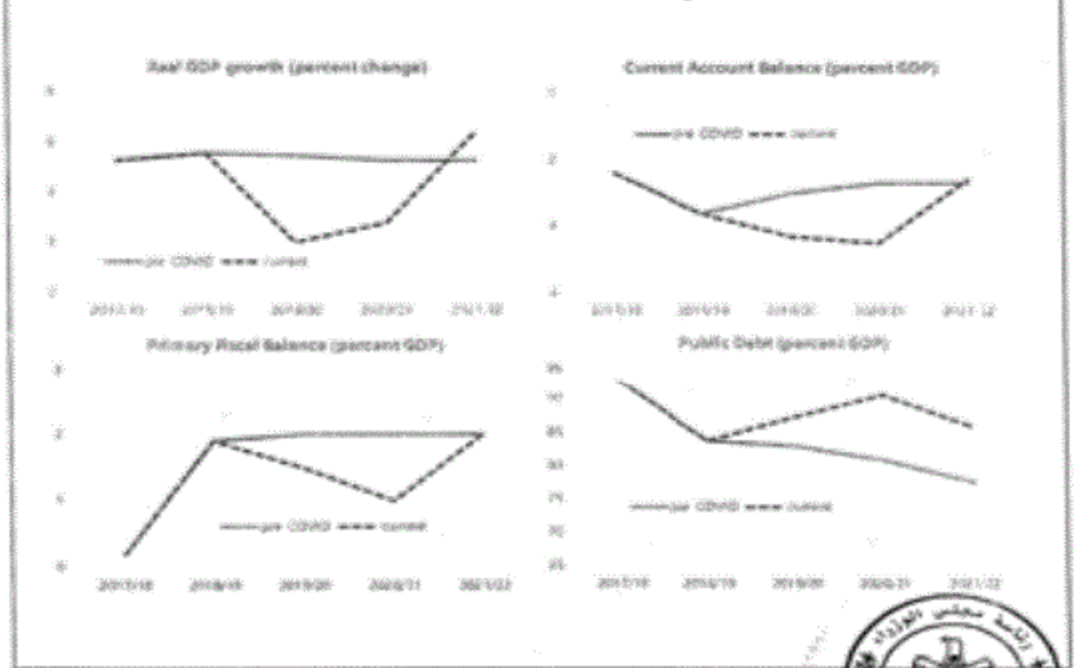


establishments, and encouraged civil servants to work from home in non-essential sectors. Tourism was brought to an immediate standstill, while turbulent global market conditions have resulted in a significant reversal of capital flows, although outflows have slowed significantly in recent weeks.

4. **The impact on the near-term macroeconomic outlook is expected to be significant.** The buffers built during the EFF have put Egypt in a strong position to confront the crisis, but the economic impact is likely to be sizable. In addition to the impact on tourism and other exports, remittances are likely to be hit hard, and domestic activity is expected to slow significantly as a result of the containment measures to slow the spread of the virus. The crisis could also particularly affect the livelihoods of the poor and vulnerable and those in the informal sector.

- *While forecasts are subject to higher than usual uncertainty, the impact from both supply and demand shocks is likely to be severe.* A significant economic contraction is projected in Q4 of FY19/20 and Q1 of FY20/21, resulting in a downward revision in real GDP growth to 2 percent in 2019/20 and 2.8 percent in 2020/21. Unemployment is also likely to rise, particularly from the sharp slowdown in tourism. A strong rebound is currently projected in 2021/22 assuming domestic activity starts to normalize; a full recovery in tourism to pre-COVID levels may take longer as health concerns may continue to weigh on international travel.

COVID-19 Related Revisions to Projections



- *Public finances are likely to come under significant pressure.* With budget discussions ongoing and specific measures still being quantified, preliminary indications are that the primary surplus could decline from the budgeted 2 percent of GDP to 1.4 percent in 2019/20 and 1 percent in 2020/21, reflecting higher spending to contain the impact of the shock. As a result, public debt is projected to rise from 84 percent of GDP in 2018/19 to 91.5 percent in 2020/21, compared with a pre-COVID projection of 79 percent for 2020/21. Debt is expected to resume its downward trajectory from 2021/22, as the crisis abates.

- *Financial sector remains stable, but the crisis poses risks.* As in other countries, the economic slowdown could adversely impact banks' loan portfolios, possibly resulting in higher provisioning charges, lower earnings, and tighter liquidity conditions. However, the banking system is relatively well positioned to handle stress, with most recent data showing that, at an aggregate level, the banking system is liquid and well capitalized, with strong profitability and asset quality.

5. **The external shock creates an urgent balance of payments need.** The external balance is expected to deteriorate from portfolio outflows, weaker FDI, the shock to tourism, and weaker remittances. The external financing gap is estimated at roughly $9.2 billion in FY19/20 and $4.5 billion in FY20/21. Staff assesses that the balance of payments need is immediate, with Egypt having already lost more than $5 billion in reserves in March; further rapid reduction could undermine confidence and generate unwarranted economic instability.

Egypt: Summary External Financing Needs and Sources

	Pre Covid-19		Post Covid-19	
	2019/20	2020/21	2019/20	2020/21
	(billion dollars)			
Financing needs	**37.2**	**35.8**	**38.4**	**42.0**
Current account deficit	11.2	10.6	15.2	16.2
of which: net interest payments	4.3	4.6	4.2	4.3
Maturing short-term debt	14.4	16.9	16.2	19.2
Amortization of medium and long-term debt	11.6	8.2	7.0	6.5
Financing sources	**37.2**	**35.8**	**29.2**	**37.5**
FDI, net	9.6	10.8	7.8	7.1
Rollover of short-term debt	14.4	16.9	16.2	19.2
Medium and long-term borrowing	10.7	8.7	7.7	6.7
IMF EFF	2.0	-0.2	2.0	-0.2
Other net capital flows	-0.2	0.5	-12.4	1.5
Of which: portfolio investment	4.4	5.0	-12.5	3.0
Change in reserves	1.8	-0.8	8.8	3.1
Change in arrears 1/	-1.0	0.0	-1.0	0.0
Errors and omissions	0.0	0.0	0.0	0.0
Rapid financing instrument				
Financing gap before RFI	0.0	0.0	-9.2	-4.5
RFI purchase	0.0	0.0	-2.8	0.0
Residual financing gap	0.0	0.0	-6.4	-4.5
of which: Expected bilateral and multilateral finar	0.0	0.0	-2.2	0.0

1/ EGPC arrears.

POLICY RESPONSE

6. **The authorities have launched a comprehensive package to contain the economic impact of the COVID-19 shock.** A package for EGP 100 billion (1.8 percent of GDP) of fiscal, monetary, and financial sector measures has been announced.[1] While the entire set of measures underlying the package have not all been announced, the current fiscal package includes increased allocations to the health sector and a range of measures to cushion the impact on most severely impacted sectors (see table). In addition, social support for the poor and vulnerable has been expanded, with the coverage of the targeted conditional cash transfer programs Takaful and Karama scaled up to reach additional 60,000-70,000 families to a total of 2.9 million families. Additional measures are under consideration in the context of the FY20/21 budget.

Fiscal Measures in Response to Covid-19

Measures	Fiscal Cost (in percent of GDP)
Additional funding for medical equipment and supplies and higher wage appropriations for public health staff	0.135
Options for delayed payment of corporate income taxes in installments	0.026
Reduction in electricity and natural gas tariffs for industries	0.036
A three month deferral of property tax payments	0.004
An increase in the share of production in duty free zones that can be sold in the domestic market	0.000
Higher subsidy pay-outs for exporter	0.022
A six-month holiday on property taxes and deferral of government fees for the tourism sector	0.004
Financial support for the aviation sector	0.003
Additional funding for contractors implementing government investment programs	0.175
A three-month cash payment to workers impacted by the crisis	0.063
Financing to purchase additional quantities of basic commodities	0.070
Total	[illegible]

7. **Staff agreed that the immediate focus of fiscal policy should be to forcefully tackle the health issue, limit the macroeconomic impact, and address social needs.** There was agreement that crisis spending measures should be timely, transparent, temporary, and targeted at the sectors most affected by the pandemic, including higher health and social spending. Given limited fiscal space, staff noted that restoring the primary surplus to 2 percent of GDP as conditions normalize from 2021/22 will be essential to resume the downward trajectory of public debt. The authorities agree that reduction in the debt will need to be pursued once recovery in underway. In this regard, to further support revenue mobilization, the authorities are committed to amending the medium-term revenue strategy to reflect the new economic environment created by Covid-19, including through support from IMF capacity development. There was also agreement that reducing gross financing needs and lowering rollover risk is a critical objective for debt sustainability; staff noted that it would need to be underpinned by updated strategies for medium-term debt management.

[1] The announced package has components that do not have a direct fiscal impact and some spending items that were already included in the budget or reallocated from other parts of the budget.

8. **Transparency and accountability of emergency spending will be important.** It is expected that the proposed purchase from the RFI will be made available for budget support (see also ¶17). To ensure transparency, the authorities are committed to publishing documentation on government procurement plans and awarded contracts for the emergency responses to COVID-19, including the awarded companies and information on beneficial ownership information, in line with the applicable law. As is customary, the State Audit Authority will audit crisis-mitigating inflows and spending including ex-post validation of spending, and publish the results after the end of the fiscal year as required in the constitutional mandate.

9. **The Central Bank of Egypt (CBE) has also introduced a series of measures to support liquidity and credit conditions.** With inflation easing and expectations anchored within the CBE's target (of 9+/- 3 percent), the CBE reduced the policy interest rate by 300 basis points to 9.25 percent in mid-March to help support economic activity and alleviate pressures in domestic financial markets. The authorities accommodated large capital outflows through a drawdown in reserves, which they viewed as necessary to avoid excessive exchange rate volatility in the context of the abrupt and severe turbulence in financial markets. Repayments under existing credit facilities for all customers were automatically postponed for a period of six months, and the preferential interest rate under CBE-supported lending schemes was reduced from 10 to 8 percent. To forestall an increase in dollarization, temporary daily limits for withdrawals and cash deposits were introduced (these limits were subsequently raised), and two state banks issued EGP [100] billion in high-yield (15 percent) local currency deposit certificates. In addition, limits for mobile payments were increased and a new debt relief initiative was introduced for individuals with overdue payments on debts under EGP1 million. The CBE also announced a stock-purchase program to support the domestic equity market during the crisis, which the authorities noted would be administered by portfolio managers under strict guidelines to prevent conflict of interest and was not yet utilized.

10. **A pause to additional monetary policy easing would be advisable until the impact of the latest easing becomes clearer.** Scope for further easing needs to carefully weigh the tradeoffs of its impact on inflation vis-à-vis potential additional capital flight that may create exchange rate pressures, which may in turn fuel inflation. The CBE noted their commitment to respond to developments in inflation. The authorities are carefully monitoring developments and recognize that maintaining policy credibility requires anchoring inflation expectations and consistent signaling across its various policy actions.

11. **Exchange rate flexibility is a critical shock absorber.** Despite significant portfolio outflows, the pound has depreciated by less than 2 percent since end-February. The authorities agreed that the exchange rate should flexibly adjust to market forces with FX intervention limited to contain disorderly market conditions; they are committed to allowing two-way movements based on FX demand and supply.

12. **The CBE agreed that banks should engage with heavily affected borrowers to alleviate near-term stresses via targeted loan modifications.** While the temporary moratorium on loan repayments can dampen the immediate impact of the outbreak, more targeted restructuring modalities, directed towards those borrowers that have been disproportionally affected, could help

reduce moral hazard and contain costs to the banking system. To support restructurings and boost the provision of credit to the real economy, consideration could be given to allow banks to temporarily draw down their financial buffers (e.g., capital conservation buffer), subject to the preparation of credible restoration plans. Banks should continue to strictly apply loan classification rules and provisioning requirements, and closely assess the creditworthiness of their borrowers—especially those that benefit from temporary concessions. Enhancing reporting of asset quality trends and performance of restructured loans could help ensure accurate monitoring of underlying vulnerabilities. Staff also encouraged accelerating the enactment of the draft Central Bank and Banking Sector Act.

13. **The authorities reiterated their commitment to continued implementation of structural reforms to support more inclusive private sector-led growth as the crisis abates.** Staff agreed that once recovery is underway addressing broader structural reforms—including strengthening competition and leveling the playing field for all economic stakeholders, improving access to finance and land, and enhancing fiscal transparency to tackle governance and corruption issues—would be essential to achieve sustained higher and inclusive private sector-led growth and job creation.

DEBT SUSTAINABILITY

14. **Egypt's public debt is assessed to be sustainable, but not with high probability.** Risks have increased from the impact of the shock on the domestic and external environment (Annex I). Egypt's level of public debt is high and gross financing needs are large. While the impact on economic activity from the pandemic has increased risks, several factors—including the high share of domestic currency debt issued locally and held by domestic financial institutions, retention of credit ratings by major ratings agencies with a stable outlook since the crisis started, and sizeable buffers coming into this crisis—help mitigate these risks (Annex II). While the COVID-19 shock will result in higher public debt than previously projected in 2019/20 and 2020/21, the primary surplus is expected to return to 2 percent of GDP from 2021/22 and public debt is projected to resume its downward trajectory. The authorities are cognizant of debt risks and agreed on the need to lengthen maturities of their treasury issuances; in this context, they are already executing a strategy to lengthen the maturity structure of domestic public debt which is beginning to demonstrate results. The authorities' favorable track record and commitment to a strong policy framework should support a solid rebound after the crisis, reinforcing investor confidence, and facilitating continued market access as financial market conditions normalize.

RISKS

15. **Downside risks to the outlook arise from the unusual uncertainty about the duration and magnitude of the outbreak and the persistence of measures to contain it.** If the crisis turns out to be more severe and/or longer than expected, the output loss could be larger in 2020, with associated delays in the recovery and macroeconomic stabilization. This could result in even higher

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unemployment, larger public debt, lower growth, rising poverty and inequality, asset quality erosion in the banking sector, and social pressures. Further tightening of global financial conditions poses rollover and interest rate risks.

MODALITIES OF SUPPORT

16. **Staff supports the authorities' request for a purchase under the RFI of 100 percent of quota (SDR 2,037.1 million) to help Egypt meet its urgent BoP needs.** Given the significant balance of payments pressures arising from pressures in the external current and financial accounts, there is an urgent financing need. While maximum access under an RFI will still leave a financing gap in 2019/20 and 2020/21, the RFI will serve as a bridge while allowing the authorities to explore options to fill the remaining gap. The authorities have requested financing from a Stand-By Arrangement, as well as exploring possible financing from other multilateral institutions and official bilateral creditors. The authorities are pursuing policies that are appropriate to address the impact of the virus and remain committed to a strong macroeconomic framework and sustained structural reform implementation to support strong medium-term growth. The proposed RFI purchase requires exceptional access as the 2016 EFF has left Egypt close to its normal access limit (at 422 percent of quota), but based on available external debt obligations, Egypt meets the criteria for EA safeguards for the full 100 percent of quota access under the RFI (see Annex 1). The authorities are committed to working closely with the Fund in an effort to find solutions for its BOP difficulties.

17. **The proposed purchase under the RFI will be made available for Egypt's BoP needs and is intended to be on-lent for budget support.** In this regard, the Ministry of Finance and the CBE will agree to a Memorandum of Understanding that clarifies the responsibilities for timely servicing of the obligations to the Fund. In addition, The authorities are committed to a fiscal safeguards review by the IMF, as required under the IMF's Safeguards Assessments Policy, as the RFI will lead to exceptional access to Fund resources and involve budget support of more than 25 percent of total cumulative access.

18. **Capacity to repay the Fund under such an access would remain adequate.** The authorities' commitment to sound macroeconomic policies should facilitate Egypt's continued market access, with an impressive track record of fiscal consolidation and public debt reduction under the 2016-19 EFF. Projected debt service payments to the Fund would peak at 9.3 percent of gross international reserves and 5.1 percent of exports.

19. **An updated safeguards assessment of the CBE will be needed under the RFI purchase.** The update will assess the status of outstanding reforms stemming from the 2017 safeguards assessment, including the enactment of the amended CBE Law and revamping the central bank's financial reporting practices to comply with Egyptian Accounting Standards/IFRS.

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STAFF APPRAISAL

20. **The COVID-19 shock has had a significant and immediate negative impact on the Egyptian economy, creating an urgent balance of payments need.** Growth is projected to sharply slow during 2019/20 and 2020/21 as a result of a halt in tourism, reduced remittances, and a slowdown in domestic activity. A flexible exchange rate and adequate reserves provide a significant cushion to counter the shock, but the shock has nevertheless created an estimated external financing gap of $14 billion during 2019/20 and 2020/21.

21. **The authorities' response measures have been comprehensive, with a wide-ranging package to contain the health crisis and maintain macroeconomic stability.** This includes additional allocations to the healthcare sector; an expansion of the cash transfer social program, and exceptional support for the most severely impacted sectors, particularly tourism and its related activities. The reduction in the CBE's policy rate has supported domestic financial markets.

22. **Staff stressed that support measures must be timely, targeted, transparent, and temporary, focusing on the immediate health spending needs and protecting the most vulnerable.** The available fiscal space should prioritize allocating the necessary health spending to address the pandemic, support the poor, and the people and businesses directly impacted by the crisis. The exchange rate should be allowed to move flexibly with two-way movements reflecting market demand and supply, with intervention limited to address disorderly conditions. The CBE should also continue to monitor banking sector conditions closely. Once recovery is underway, the temporary policies should be reversed, with fiscal policy resuming a primary surplus target of 2 percent of GDP and downward trajectory of public debt. Pausing further policy rate cuts would be appropriate until the impact of the already large monetary stimulus becomes clearer. Transparency and accountability to ensure that the emergency funds are used for their intended purposes is crucial. The authorities should also soon resume their efforts to broaden structural reforms to support private sector development to achieve strong and inclusive medium-term growth and job creation.

23. **Staff supports the proposed purchase under the RFI.** Egypt meets the qualification requirements for the RFI, its debt is sustainable with continued strong policy implementation, and its capacity to repay the Fund remains adequate.

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ARAB REPUBLIC OF EGYPT

Proposed Decision

The following decision, which may be adopted by a majority of votes cast, is proposed for adoption by the Executive Board:

1. The Arab Republic of Egypt has requested a purchase in an amount equivalent to SDR 2,037.1 million (100 percent of quota) under the Rapid Financing Instrument.

2. The Fund notes the intentions of the Arab Republic of Egypt set forth in the letter from the Governor of the Central Bank of Egypt and the Minister of Finance, dated May 4, 2020 and approves the purchase in accordance with the request.

3. The Fund waives the limitation in Article V, Section 3(b)(iii).

Table 1. Egypt: Selected Macroeconomic Indicators, 2017/18–2023/24 1/

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
			Proj.	Proj.	Proj.	Proj.	Proj.
Output and prices				(percent change)			
Real GDP (market prices)	5.3	5.6	2.0	2.8	6.4	5.3	5.3
Consumer prices (end of period)	14.4	9.4	6.2	9.0	8.5	8.0	7.5
Consumer prices (period average)	20.9	13.9	5.8	8.2	8.7	8.1	7.8
Public finances 2/				(percent of GDP)			
Gross Debt	92.7	83.8	87.5	91.5	86.7	82.9	79.2
External	19.2	17.9	19.6	21.6	19.6	18.6	17.5
Domestic	73.5	65.9	67.9	69.9	67.1	64.3	61.7
Budget sector 3/							
Revenue and grants	18.5	17.7	18.1	18.9	18.8	19.0	19.0
Expenditure (incl. net acquisition of financial assets)	28.3	25.8	26.5	26.7	24.6	23.7	23.7
Of which: Energy subsidies	3.4	1.9	0.7	0.4	0.4	0.4	0.4
Overall balance	-9.7	-8.1	-8.3	-7.8	-5.7	-4.7	-4.7
Overall balance, excl. grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Primary balance 4/	0.2	1.9	1.4	1.0	2.0	2.0	2.0
Monetary sector				(percent change)			
Credit to the private sector	10.1	12.4	13.0	13.0	14.0	15.0	15.0
Reserve money	23.7	-4.5	11.1	13.0	13.0	14.0	15.0
Broad money (M2)	18.5	11.8	19.4	14.7	15.8	14.9	15.4
Treasury bill rate, 3 month (average, in percent)	18.8	18.6	...	...	...	...	...
External sector				(percent of GDP, unless otherwise indicated)			
Exports of goods (in US$, percentage change)	18.9	10.3	-7.2	-8.8	18.8	9.0	3.2
Imports of goods (in US$, percentage change)	6.9	5.4	-9.8	-12.3	7.2	20.1	13.7
Merchandise trade balance	-14.9	-12.6	-9.6	-8.0	-7.4	-9.2	-10.4
Current account	-2.4	-3.6	-4.3	-4.6	-2.7	-2.4	-2.5
Capital and financial account (incl. errors and omissions)	4.0	1.3	-1.1	2.5	3.1	2.7	4.2
Foreign direct investment (net, in billions of US$)	7.4	7.9	7.8	7.1	8.5	11.4	15.5
External debt 5/	37.4	34.1	33.2	35.4	31.9	28.5	26.7
Gross international reserves (in billions of US$)	43.5	43.9	35.0	31.9	32.6	32.3	38.5
In months of next year's imports of goods and services	6.7	7.4	6.9	5.7	4.9	4.3	4.7
In percent of short-term external debt 6/	139.1	167.6	111.1	93.5	87.7	79.5	94.4
Financing gap (in billions of US$)	0.0	0.0	-9.2	-4.5	0.0	0.0	0.0
Memorandum items:							
Nominal GDP (in billions of Egyptian pounds)	4,437	5,322	5,701	6,317	7,320	8,345	9,477
Nominal GDP (in billions of US$)	250	302	...	...	...	...	...
GDP per capita (in US$)	2,580	3,047	...	...	...	...	...
Unemployment rate (period average, percent)	10.9	8.6	...	...	...	...	...
Population (in millions)	97.0	99.2	101.5	103.8	106.2	108.7	111.2

Sources: Egyptian authorities; and IMF staff estimates and projections.
1/ Fiscal year ends June 30. Fiscal projections for 2020/21 are preliminary. Budget discussions are ongoing in response to the COVID-19 shock.
2/ General government includes the budget sector, the National Investment Bank (NIB), and social insurance funds.
3/ Budget sector comprises central government, local governments, and some public corporations.
4/ The primary balance for 2017/18 excludes the recapitalization of the CBE for EGP 6 billion.
5/ Includes multilateral and bilateral public sector borrowing, private borrowing and prospective financing.
6/ Debt at remaining maturity and stock of foreign holding of T-bills.

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Table 2a. Egypt: Balance of Payments, 2017/18–2024/25

(In billions of US$, unless otherwise indicated)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current account	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance on goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports of goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imports of goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oil and gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exports of goods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oil and gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imports of goods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oil and gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Services (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Tourism receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Suez canal receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Payments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Travel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Primary income (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Payments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Official grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Private remittances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital and financial account	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Medium- and long-term loans (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Drawings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amortization	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FDI (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portfolio investment (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commercial banks' NFA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other (including short-term capital and central bank deposits)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Errors and omissions (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overall balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reserves ("-" indicates increase)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Change in arrears ("-" indicates decrease) 1/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net use of IMF resources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other financing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing gap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rapid Financing Instrument purchase	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Residual financing gap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Memorandum items:								
Current account excluding grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Terms of trade (percent change)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross international reserves (end of period)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
In months of next year's imports of G&S	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
In percent of ARA metric (floating)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
External debt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
External debt service	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
External debt service (in percent of exports of GNFS)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stock of external arrears	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Real effective exchange rate (period average, percentage change)	[illegible]	[illegible]	...	...	...	...	...	...

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

1/ EGPC arrears.

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Table 2b. Egypt: Balance of Payments, 2017/18–2024/25

(In percent of GDP, unless otherwise indicated)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current account	-2.4	-3.6	-4.3	-4.6	-2.6	-2.2	-2.3	-2.3
Balance on goods and services	-10.5	-8.3	-6.6	-6.8	-4.7	-4.4	-4.7	-4.8
Exports of goods and services	18.9	17.5	13.6	10.3	13.0	15.3	16.4	16.8
Imports of goods and services	-29.4	-25.8	-20.2	-17.1	-17.7	-19.7	-21.0	-21.6
Trade balance	-14.9	-12.6	-9.6	-8.0	-7.3	-9.0	-10.2	-11.0
Oil and gas	-1.5	0.0	0.6	0.5	0.2	0.0	-0.4	-0.7
Other	-13.4	-12.6	-10.1	-8.6	-7.5	-9.0	-9.9	-10.3
Exports	10.3	9.4	7.6	6.8	7.6	7.7	7.6	7.4
Oil and gas	3.5	3.8	3.0	2.4	2.1	1.9	1.7	1.6
Other	6.8	5.6	4.6	4.4	5.5	5.8	5.9	5.8
Imports	-25.2	-22.0	-17.1	-14.8	-14.9	-16.7	-17.9	-18.4
Oil and gas	-5.0	-3.8	-2.4	-1.8	-1.9	-1.9	-2.1	-2.3
Other	-20.2	-18.2	-14.7	-12.9	-13.1	-14.8	-15.8	-16.1
Services (net)	4.4	4.3	3.0	1.2	2.6	4.4	5.6	6.3
Receipts	8.6	8.1	6.1	3.5	5.4	7.6	8.7	9.5
Of which: Tourism receipts	3.9	4.2	2.9	0.9	2.4	4.2	5.1	5.7
Of which: Suez canal dues	2.3	1.9	1.5	1.5	1.5	1.5	1.5	1.4
Payments	-4.1	-3.8	-3.1	-2.3	-2.8	-3.0	-3.2	-3.2
Of which: Transportation	-0.6	-0.6	-0.5	-0.4	-0.4	-0.5	-0.5	-0.5
Of which: Travel	-1.8	-1.9	-0.8	-0.5	-0.7	-0.7	-0.7	-0.7
Primary income (net)	-2.5	-3.6	-4.1	-4.0	-4.0	-3.8	-3.6	-3.3
Receipts	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Payments	-2.8	-4.0	-4.4	-4.3	-4.4	-4.2	-3.9	-3.6
Transfers	10.6	8.3	6.4	6.2	6.1	6.0	5.9	5.7
Official grants	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Private remittances	10.5	8.2	6.3	6.1	6.0	5.9	5.8	5.7
Capital and financial account	5.2	1.4	-1.1	2.5	3.1	2.7	4.2	4.5
Medium- and long-term loans (net)	0.4	0.4	0.3	0.2	0.2	0.1	0.0	0.0
Drawings	1.3	1.2	1.1	1.0	1.0	0.9	0.9	0.8
Amortization	0.9	0.8	0.8	0.8	0.7	0.8	0.9	0.8
FDI (net)	3.0	2.6	2.2	2.0	2.3	2.8	3.6	3.7
Portfolio investment (net)	4.8	1.4	-3.6	0.8	1.6	1.7	1.5	1.4
Commercial banks' NFA	1.2	-0.6	1.7	0.4	0.0	0.0	-0.1	0.0
Other (including short-term capital and central bank deposits)	-4.0	-2.4	-1.8	-0.9	-1.9	-3.0	-0.9	-0.6
Errors and omissions (net)	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	1.6	-2.3	-5.4	-2.1	0.5	0.4	1.9	2.2
Financing	-1.6	2.3	2.8	0.8	-0.5	-0.4	-1.9	-2.2
Reserves ("-" indicates increase)	-5.1	0.1	2.5	0.9	-0.3	-0.1	-1.6	-1.9
Change in arrears ("-" indicates decrease) 1/	-0.5	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0
Net use of Fund resources	2.1	0.7	0.6	-0.1	-0.2	-0.3	-0.3	-0.3
Other financing	1.9	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	2.6	1.3	0.0	0.0	0.0	0.0
Rapid Financing Instrument purchase	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	1.8	1.3	0.0	0.0	0.0	0.0
Memorandum items:								
Current account excluding grants	-2.5	-3.7	-4.4	-4.7	-2.6	-2.3	-2.4	-2.4
Gross international reserves (end of period)	17.6	15.6	10.2	9.6	9.1	8.7	9.7	11.1
External debt	37.4	36.1	33.2	30.4	31.9	28.5	26.7	25.3
External debt service	5.3	6.4	6.0	6.5	5.4	6.5	4.4	3.7

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

1/ EGPC arrears.

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ARAB REPUBLIC OF EGYPT

Table 3a. Egypt: Budget Sector Operations, 2017/18–2024/25 1/
(In billions of Egyptian pounds, unless otherwise indicated)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj. 6/	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue and grants	821.1	941.9	1,033.1	1,193.7	1,377.6	1,585.6	1,803.9	2,057.5
Tax revenue	629.3	736.1	780.3	868.5	1,001.9	1,157.3	1,317.5	1,503.5
Income and property	258.6	309.0	333.0	385.1	438.8	510.5	578.8	658.6
Personal income tax	64.6	87.3	107.5	124.6	144.4	164.7	187.0	212.9
Corporate income tax	142.7	162.8	164.3	189.8	219.9	250.7	284.7	324.3
EGPC	52.0	42.5	29.8	41.6	48.2	55.0	62.4	71.1
Other	90.7	120.2	134.5	148.2	171.7	195.8	222.3	253.2
Property	51.4	58.9	61.2	70.9	75.4	95.1	107.1	122.4
Goods and services	294.3	350.6	357.8	417.4	483.7	551.4	626.2	713.2
Oil excises	40.5	41.5	23.4	16.8	19.4	22.1	25.2	28.8
VAT and nonoil excises	253.8	309.1	334.4	400.7	464.3	529.3	601.1	684.5
International trade	37.9	42.0	39.3	38.6	45.7	58.1	70.1	82.5
Other taxes	38.5	34.5	30.3	28.2	32.7	37.3	42.3	48.2
Nontax revenue	188.6	203.2	268.9	322.6	373.1	425.4	483.1	550.2
Oil-related nontax revenue	19.8	15.4	26.9	21.8	25.2	28.8	32.7	37.2
Other nontax revenues	156.2	187.8	242.1	300.2	347.9	396.6	450.4	512.9
Of which: Interest income	3.3	5.7	2.4	2.4	2.7	3.1	3.5	4.0
Grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expenditure	1,244.4	1,369.9	1,503.9	1,671.7	1,777.2	1,955.5	2,221.4	2,470.1
Wages and other remunerations	240.1	266.1	294.2	335.0	388.2	442.6	502.6	572.4
Purchases of goods and services	53.1	62.4	72.9	100.2	108.9	124.1	141.0	160.5
Interest	437.4	533.0	556.2	559.5	569.6	563.2	636.8	661.1
Domestic	415.2	497.8	527.7	528.5	526.7	516.5	584.4	600.1
External	22.2	35.2	28.5	31.0	42.9	46.7	52.4	61.0
Subsidies, grants, and social benefits	329.4	287.5	298.8	326.3	364.1	395.7	429.9	463.9
Energy subsidies	149.4	100.7	41.0	28.2	29.5	33.6	38.2	43.5
Of which: fuel subsidy	120.8	84.7	37.0	28.2	29.5	33.6	38.2	43.5
Food subsidies 2/	81.2	87.6	89.6	85.2	101.2	107.6	114.2	117.1
Transfer to SIF	52.5	48.5	82.2	130.0	137.3	145.0	153.1	161.7
Other	46.3	50.7	86.1	82.9	96.1	109.6	124.4	141.7
Other current	74.8	77.6	90.4	105.0	121.7	138.7	157.5	178.4
Investment	109.7	143.3	191.2	245.7	224.7	291.2	353.7	432.8
Cash balance	-423.3	-428.0	-470.8	-478.0	-399.6	-369.9	-417.5	-412.6
Net acquisition of financial assets	9.3	2.0	5.0	17.7	20.0	22.8	25.9	29.5
Overall balance	-432.6	-430.0	-475.8	-495.7	-419.6	-392.7	-443.4	-442.1
Financing	432.6	430.0	475.8	495.7	419.6	392.7	443.4	442.1
Net domestic	228.5	299.8	302.6	419.0	433.8	378.4	424.1	450.0
Bank	155.7	403.5	297.6	411.0	424.5	367.9	412.1	436.4
Nonbank	72.8	-103.7	5.0	8.0	9.3	10.6	12.0	13.7
Net external	204.1	129.3	23.2	-3.0	-14.2	14.3	19.3	-7.9
Financing gap	0.0	0.0	150.0	79.7	0.0	0.0	0.0	0.0
Memorandum items:								
Primary balance 3/	10.9	103.1	80.4	63.8	150.0	170.5	193.4	219.0
Oil balance 4/	-37.2	-1.3	39.1	52.6	63.4	72.3	82.0	93.4
Financing gap (in billions of US$)	0.0	0.0	9.2	4.5	0.0	0.0	0.0	0.0
Gross budget sector debt 5/	4,315	4,802	5,386	6,230	6,875	7,532	8,229	8,937
Gross general government debt	4,111	4,460	4,988	5,780	6,343	6,815	7,505	8,119
Nominal GDP (in billions of Egyptian pounds)	4,437	5,322	5,701	6,317	7,320	8,545	9,477	10,755

Sources: Ministry of Finance; and IMF staff estimates.

1/ Budget sector comprises central and local governments, and some public corporations. Fiscal year ends June 30. Cash basis.
2/ Food subsidies include subsidies paid to farmers.
3/ The primary balance for 2017/18 excludes the recapitalization of the CBE for EGP 6 billion.
4/ Oil revenue minus fuel subsidies. Oil revenue includes corporate income tax receipts from EGPC and foreign partners, royalties, extraordinary payments, excise taxes on petrol products, and dividends collected from EGPC.
5/ Includes debt issued to the SIF for settlement of past arrears and implied future liabilities.
6/ Fiscal projections for 2020/21 are preliminary. Budget discussions are ongoing in response to the COVID-19 shock.

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Table 3b. Egypt: Budget Sector Operations, 2017/18–2024/25 1/

(In percent of GDP)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj.	Proj. 6/	Proj.	Proj.	Proj.	Proj.
Revenue and grants	18.5	17.7	18.1	18.9	18.8	19.0	19.0	19.1
Tax revenue	14.2	13.8	13.3	13.8	13.7	13.9	13.9	13.9
Income and corporate tax	5.8	5.8	5.8	6.1	6.0	6.1	6.1	6.1
Personal income tax	1.5	1.6	1.9	2.0	2.0	2.0	2.0	2.0
Corporate income tax	3.2	3.1	2.9	3.0	3.0	3.0	3.0	3.0
EGPC	1.2	0.8	0.5	0.7	0.7	0.7	0.7	0.7
Other	2.0	2.3	2.4	2.3	2.3	2.3	2.3	2.3
Property	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.1
Goods and services	6.6	6.6	6.3	6.6	6.6	6.6	6.6	6.6
Oil excises	0.9	0.8	0.4	0.3	0.3	0.3	0.3	0.3
VAT and nonoil excises	5.7	5.8	5.9	6.3	6.3	6.3	6.3	6.3
International trade	0.9	0.8	0.7	0.6	0.6	0.7	0.7	0.8
Other taxes	0.9	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Nontax revenue	4.3	3.8	4.7	5.1	5.1	5.1	5.1	5.1
Oil-related nontax revenue	0.4	0.3	0.5	0.3	0.3	0.3	0.3	0.3
Other nontax revenues	3.5	3.5	4.2	4.8	4.8	4.8	4.8	4.8
Of which: Interest income	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Expenditure	28.0	25.7	26.4	26.5	24.3	23.4	23.4	22.9
Unidentified Spending Measures 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wages and other remunerations	5.4	5.0	5.2	5.3	5.3	5.3	5.3	5.3
Purchases of goods and services	1.2	1.2	1.3	1.6	1.5	1.5	1.5	1.5
Interest	9.9	10.0	9.8	8.9	7.8	6.7	6.7	6.1
Domestic	9.4	9.4	9.3	8.4	7.2	6.2	6.2	5.6
External	0.5	0.7	0.5	0.5	0.6	0.6	0.6	0.6
Subsidies, grants and social benefits	7.4	5.4	5.2	5.2	5.0	4.7	4.5	4.3
Energy subsidies	3.4	1.9	0.7	0.4	0.4	0.4	0.4	0.4
Of which: fuel subsidy	2.7	1.6	0.6	0.4	0.4	0.4	0.4	0.4
Food subsidies 2/	1.8	1.6	1.6	1.3	1.4	1.3	1.2	1.1
Transfers to SIF	1.2	0.9	1.4	2.1	1.9	1.7	1.6	1.5
Other	1.0	1.0	1.5	1.3	1.3	1.3	1.3	1.3
Other current	1.7	1.5	1.6	1.7	1.7	1.7	1.7	1.7
Investment	2.5	2.7	3.4	3.9	3.1	3.5	3.7	4.0
Cash balance	-9.5	-8.0	-8.3	-7.6	-5.5	-4.4	-4.4	-3.8
Net acquisition of financial assets	0.2	0.0	0.1	0.3	0.3	0.3	0.3	0.3
Overall balance	-9.7	-8.1	-8.3	-7.8	-5.7	-4.7	-4.7	-4.1
Financing	9.7	8.1	8.3	7.8	5.7	4.7	4.7	4.1
Net domestic	5.1	5.6	5.3	6.6	5.9	4.5	4.5	4.2
Bank	3.5	7.6	5.2	6.5	5.8	4.4	4.3	4.0
Nonbank	1.6	-1.9	0.1	0.1	0.1	0.1	0.1	0.1
Net external	4.6	2.4	0.4	0.0	-0.2	0.2	0.2	-0.1
Financing gap	0.0	0.0	2.6	1.3	0.0	0.0	0.0	0.0
Memorandum items:								
Primary balance 3/	0.2	1.9	1.4	1.0	2.0	2.0	2.0	2.0
Oil balance 4/	-0.8	0.0	0.7	0.8	0.9	0.9	0.9	0.9
Gross budget sector debt 5/	97.3	90.2	94.5	98.6	93.9	90.3	86.8	82.8
Nominal GDP (EGP billions)	4,437	5,322	5,701	6,317	7,320	8,345	9,477	10,793

Sources: Ministry of Finance; and IMF staff estimates.

1/ Budget sector comprises central and local governments, and some public corporations. Fiscal year ends June 30. Cash basis.

2/ Food subsidies include subsidies paid to farmers.

3/ The primary balance for 2017/18 excludes the recapitalization of the CBE for 6 billion Egyptian pounds.

4/ Oil revenue minus fuel subsidies. Oil revenue includes corporate income tax receipts from EGPC and foreign partners, royalties, extraordinary payments, excise taxes on petrol products, and dividends collected from EGPC.

5/ Includes debt issued to the SIF for settlement of past arrears and implied future liabilities.

6/ Fiscal projections for 2020/21 are preliminary. Budget discussions are ongoing in response to the COVID-19 shock.

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Table 4. Egypt: General Government Operations, 2017/18–2024/25 1/

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj.	Proj. 2/	Proj.	Proj.	Proj.	Proj.
	(In billions of Egyptian pounds)							
Revenue and grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tax revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income and property	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Personal income tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Corporate income tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EGPC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oil excises	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VAT and excise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
International trade taxes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other taxes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nontax revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Interest income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wages and other remunerations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Purchases of goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Domestic interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
External interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidies, grants, and social benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other current	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net acquisition of financial assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overall balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net domestic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nonbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net external	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing gap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(In percent of GDP, unless otherwise indicated)							
Revenue and grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tax revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unidentified Tax Measures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nontax revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Of which: Interest income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unidentified Spending Measures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wages and other remunerations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Purchases of goods and services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidies, grants, and social benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other current	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unidentified Measures								
Net acquisition of financial assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overall balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net domestic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nonbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net external	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financing gap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Memorandum items:								
Primary balance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross debt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross debt (in billions of EGP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nominal GDP (in billions of EGP)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sources: Ministry of Finance; and IMF staff estimates.

1/ General government includes budget sector, National Investment Bank (NIB) and Social Insurance Funds (SIF). Fiscal year ends June 30. Cash basis.

2/ Fiscal projections for 2020/21 are preliminary. Budget discussions are ongoing in response to the COVID-19 shock.

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Table 6. Egypt: Monetary Survey, 2017/18–2024/25

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
			(End period, in billions of EGP)					
Net foreign assets	310	300	113	80	172	345	577	848
Central bank	301	264	176	179	341	607	843	1,130
Commercial banks	8	36	-64	-99	-169	-262	-266	-282
Net domestic assets	3,147	3,564	4,116	4,770	5,444	6,106	6,866	7,673
Net claims on central and local government	1,972	2,039	2,330	2,827	3,291	3,707	4,204	4,702
Net claims on public economic authorities	246	389	385	428	448	473	495	519
Claims o.. public sector companies	160	162	162	180	196	214	219	223
Claims on private sector	1,083	1,217	1,375	1,554	1,772	2,037	2,343	2,706
Net other items	-313	-244	-136	-220	-261	-325	-395	-478
Broad money (M2)	3,457	3,864	4,228	4,850	5,616	6,451	7,444	8,521
Domestic currency component (M2D)	2,740	3,149	3,568	4,091	4,812	5,590	6,559	7,553
Currency outside banks	439	487	622	713	843	982	1,140	1,359
Domestic currency deposits	2,299	2,662	2,947	3,378	3,970	4,608	5,419	6,194
Foreign currency deposits	717	715	660	759	804	861	885	968
			(Annual percent change, unless otherwise indicated)					
Broad money (M2)	18.5	11.8	9.4	14.7	15.8	14.9	15.4	14.5
Domestic currency component (M2D)	23.2	14.9	13.3	14.6	17.6	16.2	17.3	15.2
Reserve money 1/	23.7	-4.5	11.1	13.0	13.0	14.0	15.0	15.0
Contribution to broad money growth	18.5	11.8	9.4	14.7	15.8	14.9	15.4	14.5
Net foreign assets	8.5	-0.3	-4.9	-0.8	1.9	3.1	3.6	3.6
Net domestic assets	9.9	12.0	14.3	15.5	13.9	11.8	11.8	10.8
Credit to the private sector	10.1	12.4	13.0	13.0	14.0	15.0	15.0	15.5
Credit to government and public sector companies	8.9	3.3	13.2	20.7	15.9	12.5	12.8	11.4
Memorandum items:								
Velocity								
Velocity GDP/M2D (level)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Velocity GDP/M2 (level)	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4
M2 (in percent of GDP)	77.9	72.6	74.2	76.8	76.7	77.3	78.5	79.0
Money multiplier (M2D/reserve money)	3.8	4.5	4.7	4.8	5.0	5.1	5.2	5.2
Money multiplier (M2/reserve money)	4.8	5.6	5.6	5.6	5.8	5.8	5.9	5.8
M2 (in real terms)	3.6	2.2	3.1	5.2	6.7	6.4	7.3	7.0
Domestic currency deposits (in real terms)	11.3	5.9	4.2	5.2	8.3	7.5	9.3	6.8
Claims on private sector (in real terms)	-3.7	2.8	6.4	3.7	5.1	6.5	6.9	7.9
Foreign currency deposits (in percent of total deposits)	23.8	21.2	18.3	18.3	16.8	15.7	14.0	13.5

Sources: Central Bank of Egypt and IMF staff estimates and projections.

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Table 7a. Egypt: Summary of National Accounts, 2017/18–2024/25
(In percent)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Projections					
	(Annual change, in percent)							
Real GDP at market price	5.3	5.6	2.0	2.8	6.4	5.3	5.3	5.6
Domestic demand (absorption)	3.0	2.9	0.1	1.1	3.6	5.7	5.4	5.8
Private	8.1	3.1	-0.6	0.1	3.7	5.6	5.4	5.8
Public	-3.3	1.2	6.4	8.8	3.2	5.9	5.4	6.1
Consumption	1.1	1.1	-1.5	-0.2	4.0	4.6	4.3	4.3
Private	1.0	0.9	-2.4	-1.5	3.8	4.4	4.1	4.1
Public	1.7	2.8	5.8	9.4	5.1	5.4	5.3	6.0
Investment	15.7	13.1	8.6	7.2	2.0	10.4	10.0	11.7
Gross fixed capital formation	16.9	13.2	10.8	7.2	2.0	10.4	10.0	11.7
Private	-2.5	36.9	12.0	8.0	8.0	12.0	13.0	15.0
Public	38.5	-5.4	9.4	6.2	-5.1	8.2	5.9	6.9
Net exports of goods and services 1/	1.9	2.3	1.8	1.7	2.7	-0.4	-0.2	-0.4
Exports of goods and services	31.6	-2.1	-2.4	-18.1	29.2	22.8	10.9	7.8
Imports of goods and services	10.6	-8.9	-8.6	-20.4	7.6	22.9	11.0	8.8
Real GDP at factor cost	5.6	5.1	1.4	2.8	6.4	5.3	5.3	5.6
Agriculture	3.1	3.3	4.0	4.0	3.5	3.5	3.5	3.5
Construction	10.0	8.8	0.5	8.3	10.0	9.0	9.0	10.0
Industry	6.0	5.1	0.8	4.1	3.5	3.9	4.8	5.1
Services	5.3	5.4	1.0	0.7	8.9	6.5	5.7	6.0
General government	1.5	2.7	3.6	3.0	3.0	3.0	3.0	3.0
Suez Canal	9.6	7.9	0.2	5.5	10.0	8.0	8.0	8.0
	(Contribution to real growth, in percent 2/)							
Real GDP at market price	5.3	5.6	2.0	2.8	6.4	5.3	5.3	5.6
Domestic demand (absorption)	3.4	3.2	0.2	1.2	3.8	5.8	5.5	6.0
Private	0.6	3.5	-1.2	-0.3	3.7	4.5	4.5	4.8
Public	2.9	-0.2	1.3	1.5	0.1	1.2	1.0	1.2
Consumption	1.0	1.0	-1.4	-0.2	3.4	3.8	3.5	3.5
Private	0.9	0.8	-1.9	-1.1	2.8	3.2	3.0	2.9
Public	0.2	0.3	0.5	0.9	0.5	0.6	0.6	0.6
Investment	2.4	2.2	1.6	1.4	0.4	2.0	2.0	2.5
Gross fixed capital formation	2.5	2.2	1.9	1.4	0.4	2.0	2.0	2.5
Private	-0.2	2.7	1.1	0.8	0.9	1.3	1.5	1.9
Public	2.7	-0.5	0.8	0.6	-0.5	0.7	0.5	0.6
Net exports of goods and services	1.9	2.3	1.8	1.7	2.7	-0.4	-0.2	-0.4
Exports of goods and services	5.0	-0.4	-0.4	-3.2	4.1	3.9	2.2	1.6
Imports of goods and services	-3.1	2.7	2.3	4.9	-1.4	-4.3	-2.4	-2.0
Real GDP at factor cost	5.8	5.1	1.4	2.8	6.4	5.3	5.3	5.6
Agriculture	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4
Construction	0.6	0.5	0.0	0.5	0.6	0.6	0.6	0.7
Industry	1.6	1.5	0.2	0.3	0.9	1.1	1.3	1.4
Services	2.6	2.3	0.4	0.4	3.6	2.8	2.5	2.6
General government	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Suez Canal	0.2	0.2	0.0	0.1	0.2	0.2	0.2	0.2

Sources: Egyptian authorities; and IMF staff estimates and projections.

1/ Contribution to growth.

2/ Components do not sum up to total due to statistical discrepancies associated with changes of base years.

Table 7b. Egypt: Summary of National Accounts, 2017/18–2024/25
(In percent of GDP)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Projections					
			(In percent of nominal GDP)					
GDP at market price	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand (absorption)	110.5	108.2	106.6	106.8	104.8	104.6	104.8	105.1
Private	93.0	92.3	89.7	89.0	88.1	87.7	87.9	88.1
Public	17.5	15.9	16.9	17.8	16.6	16.9	16.9	16.9
Consumption	93.8	90.4	87.5	86.8	85.7	84.6	83.9	83.0
Private	85.4	82.7	79.5	78.2	77.2	76.1	75.5	74.6
Public	8.4	7.7	8.0	8.5	8.4	8.4	8.4	8.4
Investment	16.7	17.9	19.1	20.0	19.1	20.0	20.9	22.1
Gross fixed capital formation	16.3	17.6	19.1	20.0	19.1	20.0	20.9	22.1
Private	7.1	9.3	10.2	10.7	10.9	11.6	12.4	13.6
Public	9.1	8.2	8.9	9.2	8.2	8.4	8.5	8.5
Net exports of goods and services	-10.5	-8.2	-6.6	-6.8	-4.8	-4.6	-4.8	-5.1
Exports of goods and services	18.9	17.5	13.6	10.3	13.0	15.3	16.3	16.8
Imports of goods and services	-29.4	-25.7	-20.2	-17.0	-17.8	-19.9	-21.2	-21.9
Net factor income	-2.5	-3.6	-4.1	-4.0	-4.0	-3.8	-3.6	-3.3
Net remittances inflows	10.5	8.2	6.3	6.1	6.0	5.9	5.8	5.7
Net official transfers	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Gross National Disposable Income	108.1	104.7	102.3	102.2	102.1	102.2	102.3	102.5
National savings	14.3	14.3	14.8	15.4	16.4	17.6	18.4	19.5
Private	21.3	19.0	19.2	18.9	18.2	18.1	18.4	18.8
Public	-7.0	-4.7	-4.4	-3.4	-1.8	-0.5	0.0	0.6
Savings-investment balance	-2.4	-3.6	-4.3	-4.6	-2.7	-2.4	-2.5	-2.6
Private	14.2	9.7	8.9	8.1	7.3	6.5	6.0	5.3
Public	-16.2	-12.9	-13.3	-12.7	-10.0	-9.0	-8.5	-7.9
GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	11.5	11.4	11.7	11.8	11.4	10.3	9.4	8.5
Construction	5.9	6.2	6.2	6.5	6.7	6.4	6.1	5.9
Industry	29.9	30.5	30.4	29.8	28.7	26.0	23.9	21.9
Services	43.1	43.2	42.9	42.9	44.5	49.3	53.4	57.1
General government	7.4	6.8	6.9	6.9	6.7	6.0	5.4	4.9
Suez Canal	2.2	2.0	1.9	2.0	2.0	1.9	1.8	1.7

Sources: Egyptian authorities; and IMF staff estimates and projections.

Table 8. Egypt: Medium-Term Macroeconomic Framework, 2017/18–2024/25

(In percent of GDP, unless otherwise indicated)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Projections					
Growth and prices								
Real GDP (annual change, in percent)	5.3	5.6	3.0	2.8	6.4	5.3	5.3	5.8
CPI inflation (end-of-period, in percent)	14.4	9.4	6.2	9.0	8.5	8.0	7.5	7.0
CPI inflation (average, in percent)	20.9	13.9	5.8	8.2	8.7	8.1	7.8	7.2
Unemployment rate (period average, in percent)	10.9	8.6	–	–	–	–	–	–
Savings-investment balance	-2.4	-3.6	-4.3	-4.6	-2.7	-2.4	-2.5	-2.6
Investment	16.7	17.9	19.1	20.0	19.1	20.0	20.9	22.1
Domestic savings	14.3	14.3	14.8	15.4	16.4	17.6	18.4	19.5
Public finances								
General government								
Revenue and grants	20.7	20.1	20.5	21.2	20.9	21.1	21.1	21.1
Expenditure and NAFA	30.2	27.5	28.3	28.8	26.0	25.3	25.1	24.8
Overall balance	-9.5	-7.4	-7.8	-7.6	-5.1	-4.3	-4.0	-3.6
Overall balance, excl. grants	-9.6	-7.4	-7.9	-7.6	-5.1	-4.3	-4.0	-3.7
Primary balance	-0.2	1.4	1.4	1.0	2.0	2.1	2.0	2.0
Gross debt	92.7	83.8	87.5	91.5	86.7	82.9	79.2	75.2
Domestic	73.5	65.9	67.9	69.9	67.1	64.3	61.7	59.0
External	19.2	17.9	19.6	21.6	19.6	18.6	17.5	16.2
Budget sector								
Revenue and grants	18.5	17.7	18.1	18.9	18.8	19.0	19.0	19.1
Tax revenue	14.2	13.8	13.3	13.8	13.7	13.9	13.9	13.9
Non-tax revenue	4.3	3.8	4.7	5.1	5.1	5.1	5.1	5.1
Grants	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Expenditure and NAFA	28.3	25.8	26.5	26.7	24.6	23.7	23.7	23.2
Of which: Current	25.8	23.1	23.1	22.9	21.5	20.2	20.0	19.2
Capital	2.5	2.7	3.4	3.9	3.1	3.5	3.7	4.0
Overall budget balance	-9.7	-8.1	-8.3	-7.8	-5.7	-4.7	-4.7	-4.1
Overall budget balance, excl. grants	-9.8	-8.1	-8.4	-7.9	-5.8	-4.7	-4.7	-4.1
Primary budget balance	0.2	1.9	1.4	1.0	2.0	2.0	2.0	2.0
Balance of payments and external debt								
Current account	-2.4	-3.6	-4.3	-4.6	-2.7	-2.4	-2.5	-2.6
Trade balance	-14.9	-12.6	-9.6	-8.0	-7.4	-9.2	-10.4	-11.3
Oil and gas	-1.5	0.0	0.6	0.5	0.2	0.0	-0.4	-0.7
Other	-13.4	-12.6	-10.2	-8.5	-7.7	-9.2	-10.0	-10.6
Capital and financial account (incl. errors and omissions)	4.0	1.3	-1.1	2.5	3.1	2.7	4.2	4.5
Financing gap	0.0	0.0	-2.6	-1.3	0.0	0.0	0.0	0.0
Official reserves (in billions of US$)	43.5	43.9	35.0	31.9	32.6	33.3	38.3	45.7
(In months of next year's imports of goods and services)	6.7	7.4	6.9	5.7	4.9	4.3	4.7	5.1
External debt (in percent of GDP)	37.4	34.1	33.2	35.4	31.9	28.5	26.7	25.3

Sources: Egyptian authorities; and IMF staff estimates and projections.

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Table 9. Egypt: Financial Soundness Indicators of the Banking System
(End-June; unless otherwise indicated)

	2013	2014	2015	2016	2017	2018	Sep. 2019
Capital adequacy							
Regulatory capital to RWA	13.7	13.9	14.5	14.0	14.7	15.7	18.1
Common equity to RWA	10.7	11.4	12.1	11.7	9.2	10.4	11.0
Asset quality							
NPLs to total loans	9.3	8.5	7.1	6.0	4.9	4.1	4.5
Loan provisions to non-performing loans	99.8	98.9	99.0	99.1	98.3	98.0	97.4
Profitability							
Return on assets	1.0	1.3	1.5	2.0	1.5	1.4	1.4
Return on average equity	14.5	18.9	24.4	30.9	21.5	19.2	19.2
Liquidity							
Average liquidity ratio							
Local currency	61.8	62.7	59.7	55.4	47.1	40.3	45.8
Foreign currency	55.2	57.4	52.0	60.2	66.4	67.7	73.9
Loans to deposits	44.1	40.8	40.9	47.0	46.0	46.2	44.1

Source: Central Bank of Egypt.

Table 10. Egypt: Capacity to Repay the Fund, 2016/17–2023/24 1/ 2/

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
						Projections			
Fund repurchases and charges									
Millions of SDRs	22.6	78.7	171.2	255.9	412.1	780.8	1,235.0	2,555.1	2,576.6
Repurchases	0.0	0.0	0.0	0.0	164.2	522.4	955.2	2,331.9	2,451.3
Charges and fees	22.6	78.7	171.2	255.9	248.0	258.4	279.8	223.2	125.3
Millions of US$	31.6	109.8	239.0	357.2	575.3	1,089.9	1,723.9	3,566.7	3,596.6
Percent of exports of goods and nonfactor services	0.1	0.2	0.5	0.7	1.6	2.2	2.8	5.1	4.7
Percent of total debt service 3/	0.0	0.1	0.2	0.3	0.5	0.8	1.2	2.2	2.1
Percent of quota	1.1	3.9	8.4	12.6	20.2	38.3	60.6	125.4	126.5
Percent of gross international reserves	0.1	0.3	0.5	1.0	1.8	3.3	5.3	9.3	7.9
Fund credit outstanding									
Millions of SDRs	1,970	5,731	7,164	10,634	10,470	9,947	8,992	6,660	4,209
Millions of US$	2,750	8,000	10,000	14,844	14,614	13,885	12,552	9,297	5,875
Percent of exports of goods and nonfactor services	7.4	16.9	18.9	31.2	39.5	28.4	20.4	13.3	7.6
Percent of quota	96.7	281.3	351.7	522.0	513.9	488.3	441.4	326.9	206.6
Percent of gross international reserves	9.0	18.6	22.8	42.4	45.8	42.6	38.9	24.3	12.8
Memorandum Items:									
Exports of goods and nonfactor services (in millions of US$)	37,128	47,314	52,919	47,630	36,666	48,865	61,505	69,952	77,273
Debt service (in millions of US$)	69,099	87,213	109,834	133,896	124,403	142,458	149,632	159,672	170,981
Quota (in millions of SDRs, end of period) 4/	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1
Quota (millions of US$ at esp exchange rate)	1,459.3	1,459.3	1,459.5	1,459.3	1,459.3	1,459.3	1,459.3	1,459.3	1,459.3
Gross international reserves (in millions of US$)	30,652	43,497	43,850	35,014	31,884	32,606	32,260	38,264	45,729

Source: IMF staff calculations.

1/ Fiscal year starts on July 1 and ends on June 30.
2/ Assumes repurchases are made on obligations schedule.
3/ Debt service includes interest on the entire debt stock and amortization of medium- and long-term debt.
4/ Quota changed from 943.7 to 2037.1 millions SDRs effective as of February 2016.

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Table 11. Egypt: External Financing Requirements and Sources, 2017/18–2024/25

(In billions of US$, unless otherwise indicated)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			Projections					
Gross financing requirements	22.9	26.1	38.4	42.0	43.6	52.0	42.8	43.0
Current account deficit	6.0	10.9	15.2	16.2	10.1	9.8	10.7	12.0
Of which: Net interest payments	2.2	3.2	4.2	4.3	4.9	5.0	4.8	4.7
Maturing short-term debt	12.3	11.1	16.2	19.2	21.8	24.8	24.3	24.3
Private sector	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Public sector	10.2	8.5	13.7	16.7	19.2	22.2	21.7	21.7
Amortization of medium and long-term debt	4.7	4.2	7.0	6.5	11.7	17.4	7.9	6.7
Private sector	0.2	0.3	0.0	0.0	0.0	0.2	0.3	0.3
Public sector	4.5	3.8	7.0	6.4	11.7	17.3	7.5	6.4
MLT to external private creditors	2.4	1.3	2.2	3.8	3.6	3.6	1.3	0.3
By domestic private sector	0.2	0.3	0.0	0.0	0.0	0.2	0.3	0.3
By domestic public sector	2.2	1.0	2.2	3.8	3.6	3.4	1.0	0.0
MLT to external official creditors	2.3	2.8	4.8	2.6	8.1	13.8	6.6	6.4
IMF	0.0	0.0	0.0	0.2	0.7	1.3	1.3	1.3
To other official creditors	2.3	2.8	4.8	2.4	7.4	12.5	5.2	6.1
By domestic private sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
By domestic public sector	2.3	2.8	4.8	2.4	7.4	12.5	5.2	5.1
Sources of financing	22.9	26.2	29.2	37.5	43.6	52.0	42.8	43.0
Foreign direct investment (net)	7.4	7.9	7.8	7.1	8.5	11.4	15.5	17.1
Roll-over of short-term debt	12.3	11.1	16.2	19.2	21.8	24.8	24.3	24.3
Medium- and long-term borrowing	14.5	18.5	7.7	6.7	7.7	8.7	8.7	8.8
Private sector	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Public sector	13.2	17.4	6.5	5.5	6.6	7.6	7.6	7.6
Other net capital flows	0.6	-13.1	-12.4	1.5	7.0	8.0	-0.7	-0.3
Of which: portfolio investment	12.1	4.1	-12.5	3.0	6.0	7.0	6.4	6.4
Net use of Fund resources	5.3	2.0	2.0	-0.2	-0.7	-1.3	-1.3	-1.3
Change in reserves (- increase)	-12.8	0.2	8.8	3.1	-0.7	0.3	-6.0	-7.5
Change in arrears ("-" indicates decrease)	-1.2	-0.2	-1.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-3.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	-9.2	-4.5	0.0	0.0	0.0	0.0
Rapid Financing Instrument purchase	0.0	0.0	-2.8	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	-6.5	-4.5	0.0	0.0	0.0	0.0
Memorandum items:								
Gross international reserves (GIR)	43.5	43.9	35.0	31.9	32.6	32.3	38.2	45.7
External debt	92.6	108.7	114.6	117.8	116.3	110.6	111.0	113.0

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

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Annex I. Assessment of Exceptional Access Criteria

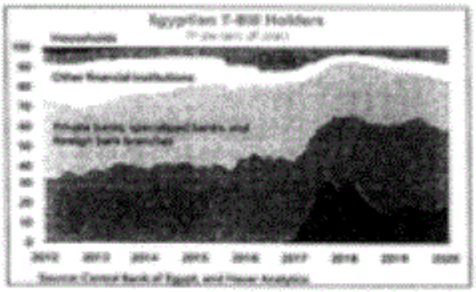
Staff Assesses that Egypt Meets the Exceptional Access Criteria.

Criterion 1—*The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or the capital account resulting in a need for Fund financing that cannot be met within the normal limits.*

Egypt is facing exceptional balance of payments pressures arising from COVID-19 related disruptions to tourism, remittances and capital flows, with an estimated financing gap of $14 billion. Given that Egypt almost fully utilized its normal access under the 2016 EFF and SDR 8.6 billion (or 422 percent of quota) is outstanding, access to meaningful financing under an RFI will require exceptional access.

Criterion 2— *A rigorous and systematic analysis indicates that there is a high probability that the member's public debt is sustainable in the medium term. Where the member's debt is assessed to be unsustainable ex ante, exceptional access will only be made available where the financing being provided from sources other than the Fund restores debt sustainability with a high probability. Where the member's debt is considered sustainable but not with a high probability, exceptional access would be justified if financing provided from sources other than the Fund, although it may not restore sustainability with high probability, improves debt sustainability and sufficiently enhances the safeguards for Fund resources.*

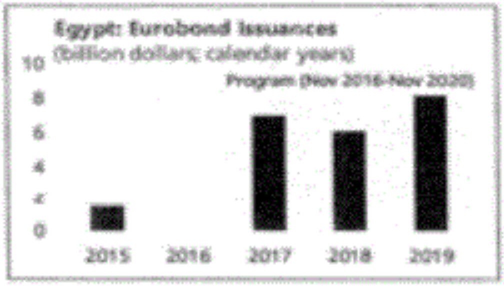
Vulnerabilities arise from the elevated level of public debt (87.5 percent of GDP projected at the end of 2019/20), gross financing needs (37 percent of GDP), and the impact on economic activity from the COVID-19 pandemic. While the COVID-19 shock will result in higher public debt than previously projected in 2019/20 and 2020/21, the primary surplus is expected to return to 2 percent of GDP from 2021/22 and public debt is projected to resume its downward trajectory. The authorities are cognizant of debt risks and are executing a strategy to lengthen maturities on the large stock of treasury bills, which is beginning to demonstrate results. Reflecting the still-high debt and GFN levels, staff assesses public debt to be sustainable, but not with high probability. However, several factors including the high share of domestic currency debt issued locally and held by domestic financial institutions, retention of credit ratings by major ratings agencies with a stable outlook since the COVID crisis, and sizeable buffers coming into this crisis help mitigate the risks. Debt risks have recently increased due to the worsening domestic and external environment. Egypt maintained favorable market access prior to the pandemic—most recently issuing Eurobonds at 4, 12, and 40-year maturities in November 2019. Safeguards, in the form of non-Fund external debt obligations are sufficient for the RFI request. These exposures include the stock of Eurobonds



(about $20 billion after the November 2019 issuance), for which the first maturity is in 2022, and deposits at the CBE held by three official bilateral creditors (totaling about $17 billion). The low share of FX debt is a mitigating factor to external financing risks.

Criterion 3—*The member has prospects of gaining or regaining access to private capital markets within a timeframe and on a scale that would enable the member to meet its obligations falling due to the Fund.*

Egypt regained market access quickly following the 2016 crisis with total issuances of about $21 billion during 2017–19. Egypt maintained favorable market access prior to the pandemic and is expected to regain access to capital markets as financial market conditions begin to normalize. Spreads have risen for Egypt, but remain lower than some other comparable emerging markets, reflecting a broader sell-off across emerging and frontier markets.. Thus, the higher spreads are indicative of a general, not Egypt-specific, concern that should unwind with the current crisis so long as strong policies are maintained. Close engagement with the Fund—including in the context of the requested SBA—would help ensure maintenance of a strong policy framework to support a solid rebound after the crisis, which should reinforce investor confidence and assure market access at a level adequate for Egypt to meet its Fund obligations.



Criterion 4—*The policy program provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.*

The authorities' strong program ownership and track record of implementation under the 2016–19 EFF was critical in stabilizing the economy, establishing credibility, and restoring confidence. The authorities' steadfast commitment to policies needed to support macroeconomic stability and more inclusive growth, including further progress on structural reforms, has been reinforced at the highest political level. The authorities intend to pursue all necessary policies to alleviate the BOP pressures while avoiding measures or policies that may compound these difficulties. Institution building to support strong policy frameworks is ongoing, including through capacity development support from the IMF. The government appears to have broad support to implement its policies providing a strong prospect of success. Managing the crisis in a way that minimizes the socio-economic impact will be important to maintain social cohesion.

Annex II. Public and External Debt Sustainability Analysis

The Debt Sustainability Analysis indicates that Egypt's debt remains sustainable, but not with a high probability. Under the baseline scenario, debt is projected to increase in 2019/20 and 2020/21 and then resume its downward trajectory to 75 percent of GDP by 2024/25. The main risks are a more prolonged and severe impact of the Covid-19, a sustained increase in interest rates due to tightening of global financial conditions, and a less ambitious fiscal consolidation path. Contingent liabilities arising from state-owned enterprises present additional risks. Recognizing the high GFNs, the authorities are already extending their maturities and intend to extend them further. Over the medium term, sustained fiscal consolidation in combination with structural reforms to boost growth is needed to put Egypt's debt on a steady declining path.

Baseline Scenario

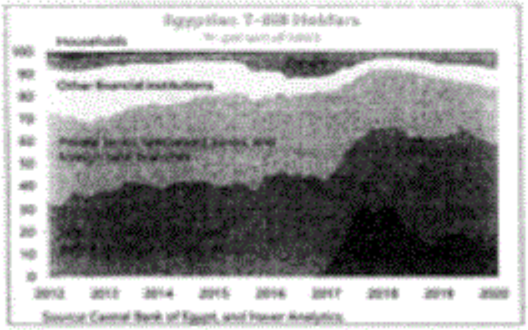
1. **The baseline projections assume a temporary two-quarter shock to growth that spills from FY19/20 into FY20/21.** Real GDP growth is expected to decline from an average of 5½ percent of GDP in 2017/18 and 2018/19 to 2 percent in 2019/20 (after recording 5.6 percent in 1H19/20) and to 2.8 percent in 2020/21. Growth is projected to recover to 5½ percent over the medium term. Average inflation is expected to increase from about 6 percent in FY19/20 to 9 percent in 20/21 and decline to 7 percent in the medium term. Effective interest rates on general government debt are projected to decline, reflecting the decline in inflation forecasts.

2. **As discussed in past published IMF staff reports under the EFF, Egypt's debt has been assessed to be sustainable but is subject to significant risks.** Despite the sharp downward trend since 2016/17, the debt-to-GDP ratio remains above the benchmark of 70 percent of GDP for emerging markets. The Covid-19 crisis has exacerbated debt as growth has significantly slowed and fiscal deficits are projected to be higher. As a result, and given the temporary nature of the shock, general government debt is projected to increase from 84 percent of GDP in FY18/19 to about 91 percent of GDP in FY20/21, and decline thereafter to 75 percent of GDP in 2024/25. Over the medium term, primary surpluses and sustained high growth will restore the debt-to-GDP ratio to a firm downward trajectory to reach 75 percent of GDP in FY24/25.

3. **The baseline debt projections are subject to significant risks but also accompanied by a number of mitigating factors.** As noted, risks arise from the high debt level relative to the benchmark as well as high gross financing needs at above 30 percent of GDP compared to the 15 percent of GDP benchmark. Spreads have increased recently from their pre-Covid-19 level of about 465 basis points to above the high risk benchmark of 600 basis points reflecting the global risk-off sentiment (rather than an Egypt-specific shock), thus changing the risk for the "market perception" indicator from moderate to high.[1] Risk stemming from the change in the "share of

[1] The pre-Covid-19 spread reflects the average EMBIG spread for Egypt in February 2020.

short-term debt" are high; but risks to debt sustainability are alleviated as a large share of participants in the local treasury security market are domestic financial institutions (see text chart). Moreover, the risk stemming from "debt held by non-residents" and from "debt denominated in foreign currency" is moderate as the indicators are 26 percent and 28 percent, respectively, which is above the benchmark levels for emerging markets but well below the high risk benchmark levels of 45 and 60. In addition, the authorities have already begun to extend maturities and are planning to extend maturities further.



Realism of Baseline Assumptions

4. **The current forecasts entail higher than usual uncertainty.** Past forecasts of macro-economic variables have been mixed. The median forecast error was -0.1 percent for growth, 1.2 percent for inflation, and -1.1 percent for the primary balance during 2008–2016, implying an optimistic bias. However, part of the bias is attributed to the exceptional volatility of the sample period, which includes the global financial crisis and two political transitions (2011 and 2013). While in the last two years, the forecast errors for GDP have narrowed, the current forecasts are subject to higher than usual uncertainty given the uncertainty about the impact of Covid-19.

5. **Additional risks stem from tighter global financial conditions, lower primary surplus, and materialization of contingent liabilities.** Tighter global financial conditions could lead to an increase in interest rates whereby debt could deviate from the projected debt path. A higher than projected impact of the Covid-19 on revenues or spending pressures could lower the primary balance and increase debt compared to the baseline scenario. Contingent liabilities could arise from a call on government guaranteed debt.

Alternative Scenarios and Stress Test

6. **Debt sustainability worsens under the historical and primary balance shock scenario.** With growth and the primary balance remaining at their last 10-year averages, the debt-to-GDP ratio would increase to 98 percent of GDP in 2024/25, while gross financing needs would increase to about 55 percent of GDP in 2024/25. Alternatively, a scenario with an unchanged growth forecast but a temporary revision of the envisaged fiscal consolidation of primary surpluses by about 1 percent of GDP would imply a debt-to-GDP ratio of 89 percent in 2021/22 compared with 86 percent of GDP in the baseline.

7. **The public debt trajectory is vulnerable to macroeconomic shocks and risks from contingent liabilities:**

- Under a *growth shock* where GDP growth is 1.2 percentage points lower (one standard deviation) and inflation is 0.3 percentage point lower compared to the baseline in 2019/20 and 2020/21, debt would decline to 78 percent of GDP over the medium term compared to 75 percent in the baseline.

- A *real interest rate shock* with an increase of the interest rate by about 350 basis points over the projection period, increases debt by around 3 percentage point of GDP to 78 percent of GDP over the medium term compared to the baseline.

- A large *real exchange rate shock* with a hundred percent depreciation of the Egyptian pound will increase debt in the next year by 6 percentage points of GDP and 79 percent of GDP over the medium term.

- A *combined macro-fiscal shock* with lower growth and a looser fiscal stance could weaken debt dynamics significantly. A temporary growth shortfall of 1.2 percentage points for two years, a looser fiscal stance by about 1 percentage points over two years, and about 140 percent of nominal exchange rate depreciation increases debt to 100 percent of GDP in the following year compared to 91 percent of GDP under the baseline. Over the medium-term, debt would remain about 11 percentage point of GDP higher than under the baseline.

- *Materializing of contingent liabilities or a call on government guarantees* from state-owned enterprises are another potential source of vulnerability. A customized shock scenario, in which a contingent liability of 10 percent of GDP materializes, leading to a deterioration of the primary balance, higher interest rates and temporary adverse impacts on other macro-economic variables, would increase debt-to-GDP ratio to 103 percent of GDP in 2020/21 compared to 91 percent in the baseline.

- *The most severe shock combines the macro-fiscal shock with a materialization of a contingent liability*. In this case, debt-to-GDP ratio will increase in the next year to 110 percent of GDP. Over the medium-term debt would decline to around 94 percent of GDP instead of 75 percent of GDP in the baseline and gross financing needs would be 49 percent of GDP.

External Debt

7. **External debt is expected to peak at about 35 percent of GDP in 2021 and decline thereafter**. The standard shock scenarios suggest that external debt would remain near or below their current levels in the medium term. As with public debt, a significant portion of external debt is scheduled to mature in the next years, in part reflecting the maturity of large deposits of several Gulf Cooperation Council members at the CBE. Cognizant of the need to extend maturities on external debt, the authorities' have approached these creditors with a view to rolling them over at longer maturities and have already rolled over $[2] billion of the $[13.4] billion that is scheduled to mature during FY2019/20 and FY2020/21.

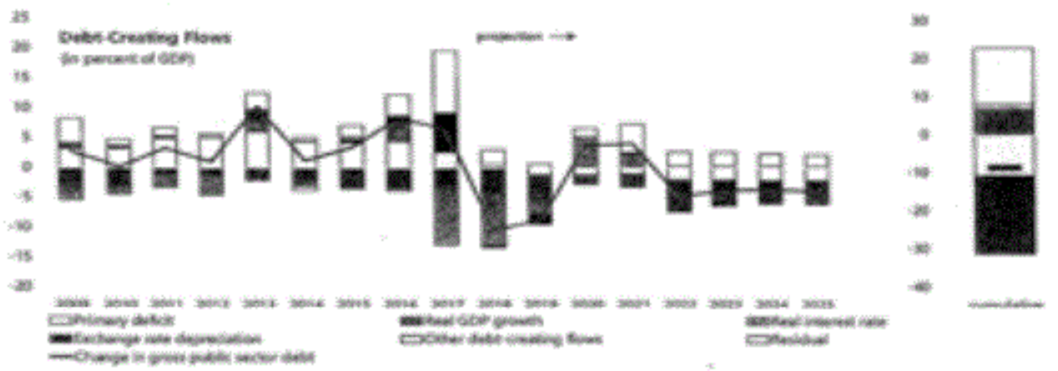
Figure 1. Egypt: Public Sector Debt Sustainability Analysis – Baseline Scenario
(in percent of GDP, unless otherwise indicated)

Debt, Economic and Market Indicators 1/

	Actual			Projections						As of April 28, 2020		
	2009-2017 2/	2018	2019	2020	2021	2022	2023	2024	2025	Sovereign Spreads		
Nominal gross public debt	82.6	92.7	83.8	87.5	91.5	86.7	82.8	79.2	75.2	EMBIG (bp) 3/		805
Public gross financing needs	28.0	32.2	32.2	37.4	35.2	38.2	38.1	38.6	38.6	5Y CDS (bp)		655
Real GDP growth (in percent)	3.6	5.3	5.6	2.0	2.8	6.4	5.3	5.3	5.6	Ratings	Foreign	Local
Inflation (GDP deflator, in percent)	11.6	21.4	13.6	5.0	7.7	8.9	8.2	7.9	7.9	Moody's	B2	B2
Nominal GDP growth (in percent)	15.7	27.9	19.9	7.1	10.8	15.9	14.0	13.6	13.9	S&Ps	B	B
Effective interest rate (in percent) 4/	9.5	11.6	11.4	11.7	10.9	9.0	8.3	8.3	8.2	Fitch	B+	B+

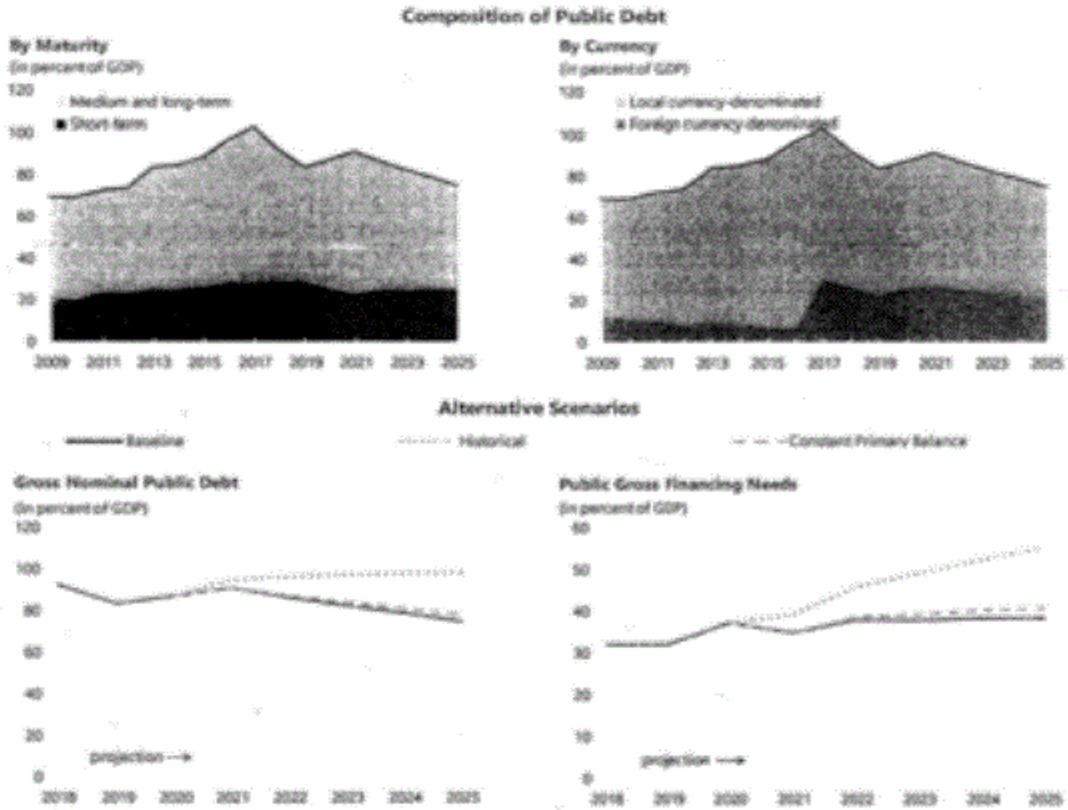
Contribution to Changes in Public Debt

	Actual			Projections							
	2009-2017	2018	2019	2020	2021	2022	2023	2024	2025	cumulative	debt-stabilizing primary balance 9/
Change in gross public sector debt	4.0	-10.5	-8.9	3.7	4.0	-4.9	-3.8	-3.7	-4.0	-8.6	-3.7
Identified debt-creating flows	1.3	-12.9	-9.4	2.4	-0.8	-7.2	-6.1	-5.7	-5.8	-23.3	
Primary deficit	4.1	0.4	-1.2	-1.3	-1.0	-2.1	-2.1	-2.1	-2.1	-10.7	
Primary (noninterest) revenue and grants	22.0	20.4	19.9	20.3	21.0	20.7	20.8	20.9	21.0	124.8	
Primary (noninterest) expenditure	26.1	20.8	18.7	19.1	20.0	18.6	18.6	18.8	18.8	114.1	
Automatic debt dynamics 5/	-2.9	-13.4	-8.2	3.6	0.0	-5.4	-4.3	-3.9	-4.0	-13.9	
Interest rate/growth differential 6/	-4.2	-13.1	-6.6	3.6	0.0	-5.4	-4.3	-3.9	-4.0	-13.9	
Of which: real interest rate	-1.7	-8.8	-2.3	5.1	2.3	-0.3	-0.3	0.0	-0.1	6.7	
Of which: real GDP growth	-2.5	-4.3	-4.3	-1.6	-2.2	-5.1	-4.1	-3.8	-3.9	-20.7	
Exchange rate depreciation 7/	1.3	-0.3	-1.6	...	...	...	...	...	...	...	
Other identified debt-creating flows	0.2	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.3	1.3	
Privatization Proceeds (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
GG: Net Lending	0.2	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.3	1.3	
Residual, including asset changes 8/	2.7	2.4	0.6	1.3	4.8	2.4	2.3	2.0	1.9	14.7	



Source: IMF staff.
1/ Public sector is defined as general government.
2/ Based on available data.
3/ EMBIG.
4/ Defined as interest payments divided by debt stock (excluding guarantees) at the end of previous year.
5/ Defined as [(r - π(1+g) - g + ae(1+r)]/(1+g+π+gπ)) times previous period debt ratio, with r = interest rate; π = growth rate of GDP deflator; g = real GDP growth rate; a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).
6/ The real interest rate contribution is derived from the numerator in footnote 5 as r - π (1+g) and the real growth contribution as -g.
7/ The exchange rate contribution is derived from the numerator in footnote 5 as ae(1+r).
8/ Includes asset changes and interest revenues (if any). For projections, includes exchange rate changes during the projection period.
9/ Assumes that key variables (real GDP growth, real interest rate, and other identified debt-creating flows) remain at the level of the last projection

Figure 2. Egypt: Public DSA – Composition of Public Debt and Alternative Scenarios



Underlying Assumptions
(in percent)

Baseline Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	2.0	2.8	6.4	[illegible]	[illegible]	[illegible]
Inflation	5.0	7.7	8.9	8.2	7.9	7.9
Primary Balance	1.3	1.8	2.1	2.1	2.1	2.1
Effective interest rate	11.7	10.9	9.0	8.3	8.3	8.2
Constant Primary Balance Scenario						
Real GDP growth	2.0	2.8	6.4	5.5	6.0	5.6
Inflation	5.0	7.7	8.9	8.2	7.9	7.9
Primary Balance	1.3	1.3	1.3	1.3	1.3	1.3
Effective interest rate	11.7	10.9	9.1	8.3	8.2	8.1

Historical Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	2.0	3.9	3.9	3.9	3.9	3.9
Inflation	5.0	7.7	8.9	8.2	7.9	7.9
Primary Balance	1.3	-3.3	-3.3	-3.3	-3.3	-3.3
Effective interest rate	11.7	10.9	7.7	6.5	6.1	5.8

Source: IMF staff.

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Figure 3. Egypt: Public DSA – Realism of Baseline Assumptions

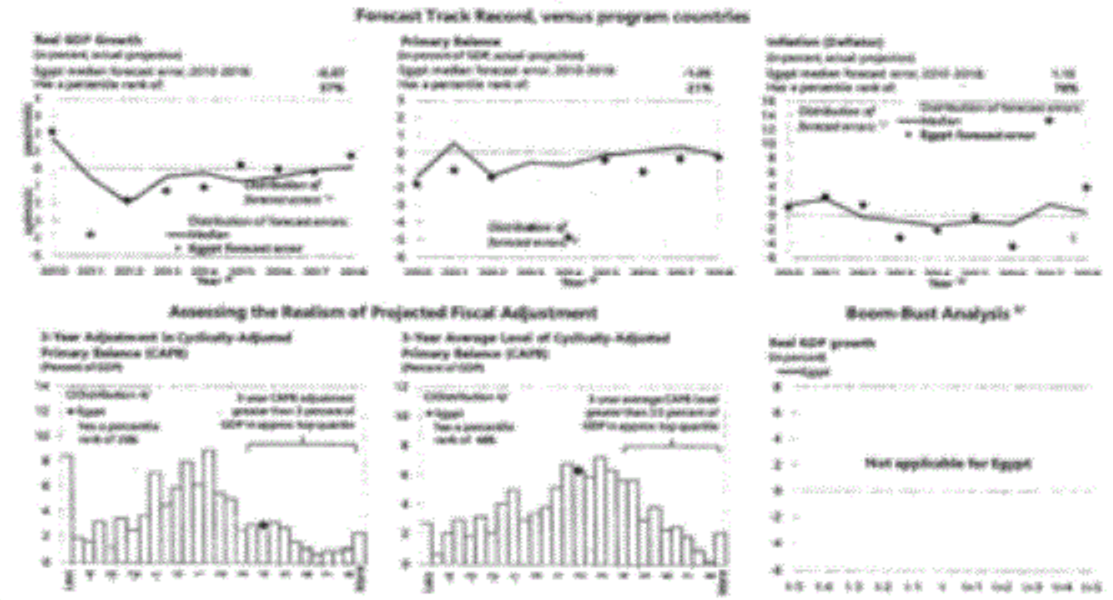
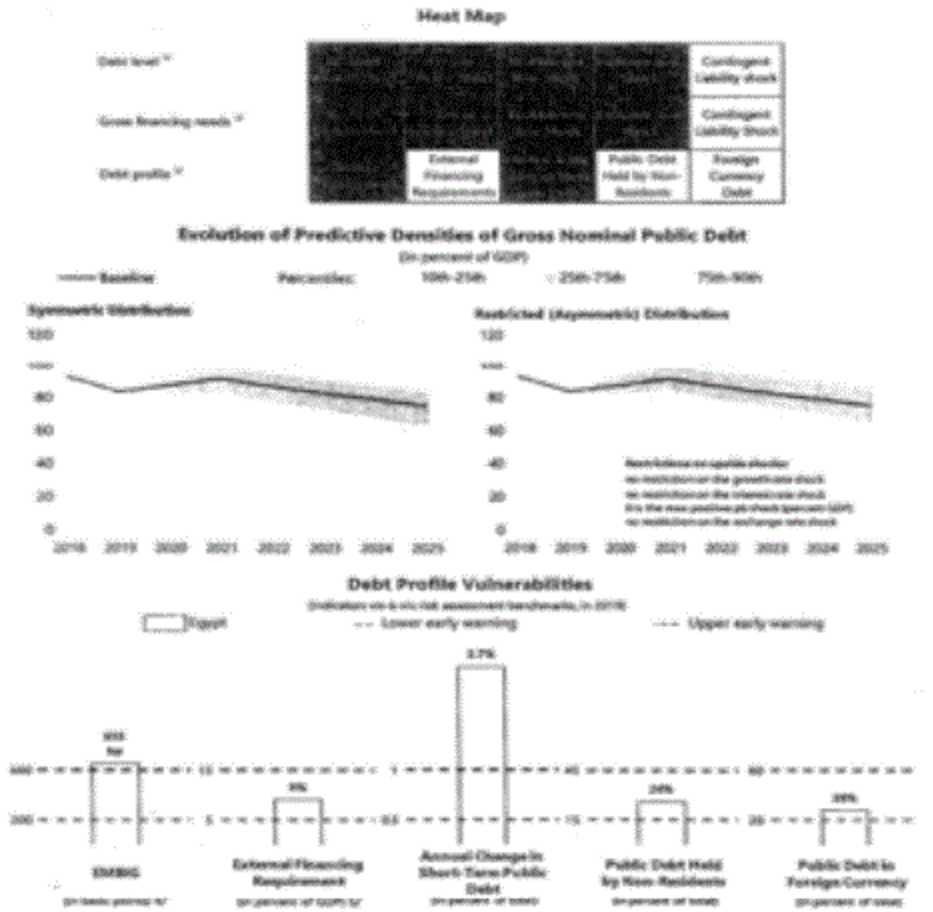


Figure 4. Egypt: Public DSA Risk Assessment



Source: IMF staff.

1/ [illegible]

2/ [illegible]

3/ [illegible]

4/ EMBIG, an average over the last 3 months, January 23 2020 - April 23 2020.

5/ [illegible]

Figure 5. Egypt: Public DSA – Stress Tests

Macro-Fiscal Stress Tests

Additional Stress Tests

Underlying Assumptions
(in percent)

Primary Balance Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	2.0	2.8	6.4	5.3	6.0	5.6
Inflation	5.0	7.7	8.9	8.2	7.9	7.6
Primary balance	1.3	-0.1	1.0	2.1	2.1	2.1
Effective interest rate	11.7	10.8	9.1	8.6	8.2	8.1
Real Interest Rate Shock						
Real GDP growth	2.0	2.8	6.4	5.3	6.0	5.6
Inflation	5.0	7.7	8.6	8.2	7.6	7.6
Primary balance	1.3	1.8	2.1	2.1	2.1	2.1
Effective interest rate	11.7	10.8	9.7	9.2	9.2	9.2
Combined Shock						
Real GDP growth	2.0	1.5	5.1	5.3	6.0	5.6
Inflation	5.0	42.5	8.6	8.2	7.9	7.9
Primary balance	1.3	-0.1	1.0	2.1	2.1	2.1
Effective interest rate	11.7	12.4	8.5	8.2	8.2	8.3
Contingent Liability Shock						
Real GDP growth	2.0	1.5	5.1	5.3	6.0	5.6
Inflation	5.0	7.4	8.5	8.2	7.9	7.9
Primary balance	1.3	-9.6	2.1	2.1	2.1	2.1
Effective interest rate	11.7	10.9	9.9	8.2	8.1	8.1

Real GDP Growth Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	2.0	1.5	5.1	5.3	6.0	5.6
Inflation	5.0	7.4	8.5	8.2	7.9	7.9
Primary balance	1.3	-0.7	1.0	2.1	2.1	2.1
Effective interest rate	11.7	10.9	9.1	8.4	8.2	8.1
Real Exchange Rate Shock						
Real GDP growth	2.0	2.8	6.4	5.3	6.0	5.6
Inflation	5.0	41.5	8.8	8.3	7.6	7.6
Primary balance	1.3	1.8	2.1	2.1	2.1	2.1
Effective interest rate	11.7	12.4	7.5	7.4	7.8	7.5
Combined Macro-Fiscal and Contingent Liability Shock						
Real GDP growth	2.0	1.2	5.1	5.3	6.0	5.6
Inflation	5.0	42.5	8.9	8.2	7.9	7.9
Primary balance	1.2	-10.1	1.0	2.1	2.1	2.1
Effective interest rate	11.7	12.4	8.5	8.1	8.1	8.2

Source: IMF staff.

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Figure 6. Egypt: External Debt Sustainability Framework, 2015–2025

(In percent of GDP, unless otherwise indicated)

	Actual							Projections						
	2015	2016	2017	2018	2019			2020	2021	2022	2023	2024	2025	Debt-stabilizing non-interest current account 6/
Baseline: External debt	15.0	18.3	41.3	37.4	34.1			[illegible]	33.4	31.8	28.5	28.7	25.8	-4.4
Change in external debt	-0.1	3.3	23.0	-3.9	-3.3			[illegible]	2.2	-3.5	-3.4	-1.6	-1.4	
Identified external debt-creating flows (4+8+9)	0.5	3.8	7.5	0.5	-5.4			[illegible]	1.7	-1.6	-1.9	-2.3	-2.3	
Current account deficit, excluding interest payments	3.5	5.7	5.1	1.5	2.5			[illegible]	3.5	1.4	1.2	1.4	1.6	
Deficit in balance of goods and services	8.5	9.7	12.3	10.5	8.3			[illegible]	6.8	4.8	4.5	4.8	5.1	
Exports	13.3	10.6	14.5	18.9	17.3			[illegible]	10.3	13.0	15.3	16.4	16.8	
Imports	21.8	20.1	26.8	29.4	25.6			[illegible]	17.1	17.8	19.8	21.2	21.9	
Net non-debt creating capital inflows (negative)	-0.8	-2.1	-3.2	-3.1	-2.6			[illegible]	-2.0	-2.2	-2.9	-3.6	-3.7	
Automatic debt dynamics 1/	-1.0	0.2	3.5	0.2	-5.4			[illegible]	0.5	-0.8	-0.3	-0.3	-0.1	
Contribution from nominal interest rate	0.2	0.3	0.3	1.2	1.1			[illegible]	1.2	1.4	1.3	1.2	1.3	
Contribution from real GDP growth	-0.8	-0.7	-1.0	-2.2	-1.7			[illegible]	-0.9	-2.2	-1.8	-1.4	-1.4	
Contribution from price and exchange rate changes 2/	-0.8	0.6	4.4	2.2	-4.7			...	...	...	...	...	...	
Residual, incl. change in gross foreign assets (2-3) 3/	-0.5	-0.6	15.1	-4.5	2.1			[illegible]	0.6	-1.8	-1.4	0.7	1.0	
External debt-to-exports ratio (in percent)	113.1	174.7	285.1	197.8	194.9			[illegible]	344.2	245.0	186.1	183.5	150.1	
Gross external financing need (in billions of US dollars) 4/	18.1	20.2	24.0	20.5	22.7			[illegible]	35.5	32.1	34.7	36.2	38.6	
in percent of GDP	5.4	7.6	9.4	8.2	8.5			[illegible]	10.8	9.6	8.7	9.1	8.6	
Scenario with key variables at their historical averages 5/						10-Year Historical Average	10-Year Standard Deviation	[illegible]	33.4	31.2	30.2	31.8	32.4	-0.9
Key Macroeconomic Assumptions Underlying Baseline														
Real GDP growth (in percent)	4.4	4.3	4.1	5.3	5.6	3.9	1.3	[illegible]	2.8	6.4	5.5	6.0	5.6	
GDP deflator in US dollars (change in percent)	4.1	-4.0	-23.6	-1.3	14.5	1.1	11.6	[illegible]	-0.8	-1.3	1.6	1.2	1.7	
Nominal external interest rate (in percent)	1.4	1.7	2.2	3.7	3.3	2.0	0.6	[illegible]	3.8	4.1	4.5	4.3	4.5	
Growth of exports (US dollar terms, in percent)	1.4	-21.8	6.7	27.4	11.8	2.0	13.2	[illegible]	-23.8	33.3	25.5	13.7	10.5	
Growth of imports (US dollar terms, in percent)	4.4	-7.5	2.8	6.8	6.1	3.0	5.6	[illegible]	-14.1	9.9	19.6	13.3	11.1	
Current account balance, excluding interest payments	-3.5	-5.7	-5.1	-1.5	-2.5	-2.8	1.6	[illegible]	-3.5	-1.4	-1.2	-1.4	-1.6	
Net non-debt creating capital inflows	2.8	2.1	3.2	3.1	2.6	1.9	1.0	[illegible]	2.0	2.2	2.8	3.6	3.7	

1/ [illegible]

2/ [illegible]

3/ [illegible]

4/ [illegible]

5/ [illegible]

6/ [illegible]

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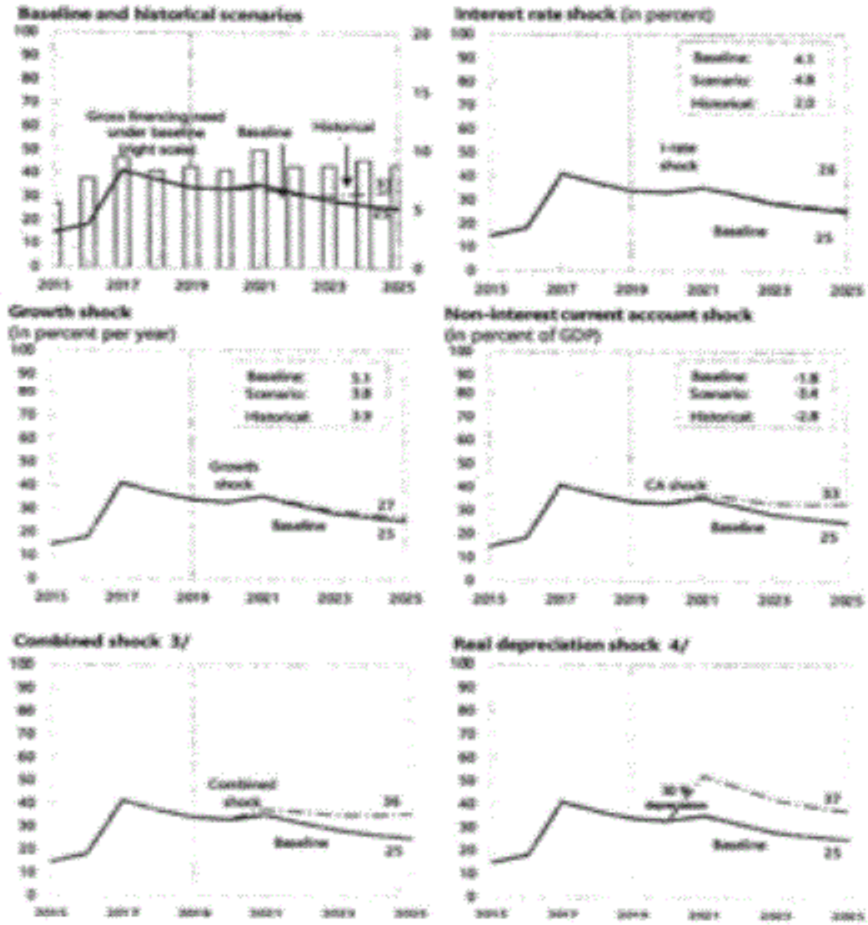
Figure 7. Egypt: External Debt Sustainability Analysis: Bounds Tests 1/2/



Sources: International Monetary Fund, Country desk data, and staff estimates.

1/ Shaded areas represent actual data. Individual shocks are permanent one standard deviation shocks. Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Ten-year historical average for the variable is also shown.

2/ For historical scenarios, the historical averages are calculated over the ten-year period, and the information is used to project debt dynamics five years ahead.

3/ Permanent one standard deviation shocks applied to nominal interest rate, growth rate, and current account balance.

4/ One-time real exchange rate depreciation of 30 percent occurs in 2018/19.

Appendix I. Letter of Intent

May 4, 2020

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C.

Dear Ms. Georgieva,

1. The COVID-19 outbreak has affected the Egyptian economy in multiple ways and has necessitated a quick and decisive response. The Government of Egypt has made significant progress in expanding laboratory testing, conducting sanitation operations, setting up hospitals for treatment as well as for quarantine, building personal protective equipment reserves, and developing a disease surveillance system, including the use of mobile applications for contact tracing. In addition, several precautionary measures have been put in place to contain the spread via social distancing, including imposing a nighttime curfew, allowing and encouraging working from home, requesting physical presence of essential workers only at all government entities, canceling all public gatherings, closure of all schools and universities as well as historical sites and places of worship, and halting international flights. The combination of these domestic measures, the global slowdown, and financial market turmoil have significantly affected economic growth; the effect is further compounded by capital outflows, the complete halt in tourism, reduced remittances, and slower industrial and construction activity.

2. The buffers that Egypt built over the past few years by implementing our strong home-grown economic reform program have significantly improved our ability to deal with exogenous shocks. Nevertheless, the unprecedented magnitude of the ongoing health crisis and its economic fallout have led to a balance of payments gap.

3. To support Egypt meet the immediate external and fiscal financing needs and to safeguard the significant macroeconomic gains achieved over the past three years, we request a purchase under the Rapid Financing Instrument (RFI) in the amount equivalent to the maximum allowed 100 percent of Egypt's quota. This rapid disbursement would help alleviate some of the most pressing financing needs, including in health, social protection, and supporting the most impacted sectors and the most vulnerable groups. At the same time, we intend to engage with the IMF staff on a follow-up Stand-by Arrangement (SBA) to support our ongoing efforts to maintain macroeconomic stability including through a balanced policy framework, and to safeguard the hard-won economic stability of the past three years. These efforts will place us on a strong footing for a robust and speedy recovery once the health crisis is behind us; it will enable and facilitate the acceleration of our structural reform agenda aimed at higher inclusive and sustainable private sector-led growth and job creation in Egypt.

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Figure 6. Egypt: External Debt Sustainability Framework, 2015–2025

(In percent of GDP, unless otherwise indicated)

	Actual							Projections						
	2015	2016	2017	2018	2019			2020	2021	2022	2023	2024	2025	Debt-stabilizing non-interest current account 6/
Baseline: External debt	15.6	18.3	41.2	37.4	34.1			3.2	33.4	31.9	28.5	26.7	25.0	-4.4
Change in external debt	-0.1	2.2	23.0	-3.8	-3.3			-0.9	2.2	-3.5	-3.4	-1.8	-1.4	
Identified external debt-creating flows (4+8+9)	3.5	3.9	7.8	5.5	-5.4			1.5	1.7	-1.6	-1.5	-2.5	-2.3	
Current account deficit, excluding interest payments	3.3	5.7	5.1	1.5	3.3			1.1	3.5	1.4	1.2	1.4	1.6	
Deficit in balance of goods and services	8.5	9.7	12.3	10.5	8.3			1.6	6.8	4.8	4.5	4.8	5.1	
Exports	13.3	10.5	14.5	18.9	17.2			1.6	10.5	13.0	15.3	16.4	16.8	
Imports	21.8	20.1	26.8	29.4	25.6			2.0	17.1	17.8	19.8	21.2	21.9	
Net non-debt creating capital inflows (negative)	-0.9	-0.1	-3.2	-4.1	-2.6			-1.2	-2.0	-2.2	-2.8	-3.6	-3.7	
Automatic debt dynamics 1/	-1.6	0.2	5.9	2.2	-5.4			1.6	0.3	-0.8	-0.5	-0.3	-0.3	
Contribution from nominal interest rate	0.2	0.3	0.5	1.2	1.1			1.1	1.2	1.4	1.3	1.2	1.1	
Contribution from real GDP growth	-0.6	-0.7	-1.0	-2.2	-1.7			-0.6	-0.9	-2.2	-1.8	-1.4	-1.4	
Contribution from price and exchange rate changes 2/	-0.6	0.6	6.4	3.3	-4.7			...	...	...	...	...	...	
Residual, incl. change in gross foreign assets (2-3) 3/	-3.5	-0.6	15.1	-4.5	2.1			-1.4	0.6	-1.8	-1.6	0.7	1.0	
External debt-to-exports ratio (in percent)	115.1	174.7	285.1	197.8	194.6			24.5	344.2	245.0	186.1	163.5	150.5	
Gross external financing need (in billions of US dollars) 4/	18.1	23.2	24.0	30.0	25.7			2.9	35.5	32.1	34.7	35.2	35.9	
in percent of GDP	5.4	7.0	9.4	8.2	8.5			1.3	10.0	8.6	8.7	9.1	8.6	
Scenario with key variables at their historical averages 5/						10-Year Historical Average	10-Year Standard Deviation	3.2	33.4	31.2	29.2	31.3	33.3	-3.9
Key Macroeconomic Assumptions Underlying Baseline														
Real GDP growth (in percent)	4.4	4.3	4.1	5.3	5.6	3.8	1.2	[illegible]	2.6	5.4	5.5	6.0	5.6	
GDP deflator in US dollars (change in percent)	4.1	-4.0	-23.9	-7.3	14.5	1.1	11.6	11.4	-6.8	-1.0	1.6	1.2	1.7	
Nominal external interest rate (in percent)	1.4	1.7	2.2	3.7	3.5	3.0	0.6	[illegible]	3.6	4.1	4.3	4.3	4.3	
Growth of exports (US dollar terms, in percent)	1.4	-21.0	6.7	27.4	11.8	2.0	15.2	-10.0	-23.0	33.3	25.9	13.7	10.5	
Growth of imports (US dollar terms, in percent)	4.4	-7.5	3.6	6.6	6.1	3.6	5.6	[illegible]	-14.1	9.6	19.6	13.3	11.1	
Current account balance, excluding interest payments	-3.3	-5.7	-5.1	-1.5	-2.5	-0.8	1.6	[illegible]	-3.3	-1.4	-1.2	-1.4	-1.6	
Net non-debt creating capital inflows	2.0	2.1	3.2	3.1	2.6	1.9	1.0	[illegible]	2.0	2.2	2.8	3.6	3.7	

1/ [illegible]

2/ [illegible]

3/ [illegible]

4/ [illegible]

5/ [illegible]

6/ [illegible]

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objective of lengthening the maturity of our domestic debt, including by rolling over debt owed to the central bank over longer maturities and at market rates.

7. The Central Bank of Egypt (CBE) has also taken decisive measures, including cutting the policy interest rate by 300bps in March 2020, to support economic activity and alleviate liquidity pressures in domestic financial markets. Repayments under existing credit facilities for all customers were postponed for six months, and the preferential interest rate on loans to industry, tourism, agriculture, and housing for middle-class families granted under the CBE-supported lending schemes was reduced from 10 to 8 percent. The CBE announced an EGP20 billion stock-purchase program to support share prices. The CBE has temporarily limited cash withdrawals and deposits on EGP, and two state banks have issued one-year high-yield (15 percent) local currency deposit certificates. In other measures, the limits for mobile payments were raised severalfold; a new debt relief initiative was introduced for individuals with overdue payments on debts under EGP1 million if customers make a 50 percent payment to settle their debts with banks and allow them to reenter the banking sector and participate in economic activity. In addition, the credit registry rule has been amended cancelling the blacklist for corporates and the negative list for individuals and decreasing the disclosure period of historical data (after repayment) on the non-performing clients.

8. To safeguard monetary and financial stability, the CBE will roll back these measures when conditions allow. In particular, the CBE stands ready to tighten if inflationary pressures were to appear, and commits to roll back all the new initiatives introduced to reduce the burden of the crisis. The CBE remains committed to maintaining exchange rate flexibility to help absorb exogenous shocks while containing disorderly market conditions. We still expect the enactment of the new Central Bank and Banking Sector Act as soon as possible.

9. We intend to continue our close dialogue with the IMF to address Egypt's balance of payment needs in a sustainable manner and to implement a set of strong macroeconomic and structural policies that will strengthen stability and ensure speedy and robust recovery to be supported by a prospective SBA. We are also reaching out to other international institutions including the World Bank and African Development Bank, and bilateral partners for additional financial support to meet our balance of payments and fiscal needs. Furthermore, we intend to continue our reform plans to enhance the business environment, foster competition, and strengthen the role of the private sector. We will comply with the provisions of IMF's Articles of Agreement, including by not imposing any restrictions on the making of payments and transfers for international transactions, trade restrictions for balance of payments purposes, or multiple currency practices, or entering into bilateral payments agreements which are inconsistent with Article VIII of the IMF's Articles of Agreement.

10. We request that the purchase under the RFI aimed at addressing the immediate balance of payments needs be made available to the budget. In line with the safeguards policy, we will agree on a memorandum of understanding between the Ministry of Finance and the Central Bank of Egypt on their respective responsibilities for servicing the related financial obligations to the IMF. In line with the IMF's safeguards policy, the CBE also agrees to undergo an update of the safeguards assessment, provide IMF staff with the most recent central bank's external audit reports, and

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authorize the external auditors to hold discussions IMF staff. Also in line with IMF policies, we also commit to requesting a fiscal safeguards assessment given that RFI financing will entail exceptional access to IMF resources and will be used for budgetary spending. Steps are underway to finalize and publish the financial audit of the central bank for FY2019.

11. We authorize the IMF to publish this letter of intent and the staff report for the request for disbursement under the RFI.

Sincerely yours,

/s/
Tarek Amer
Governor of the Central Bank of Egypt
Arab Republic of Egypt

/s/
Mohamed Maait
Minister of Finance
Arab Republic of Egypt